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# **Southeast Asia Report**

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19 May 1983

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No. 1289

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TEXT OF FIRST POST-ELECTION PRESS CONFERENCE

Melbourne THE AGE in English 7 Mar 83 p 21

[Text] - CANBERRA, March 6 AAP - The following is a full text of Prime Minister-designate Bob Hawke's first press conference since winning the 1983 general election:

Question: what do you propose to do to protect the currency?

Hawke: I propose as a first step not to talk about it publicly.

Question: will you be talking to the Governor-General, will you be going to see him either tonight or tomorrow?

Hawke: I am obviously in the processes of taking those steps which are necessary to form a government and when the Governor-General approaches me and I have that formal initiation of the processes, the next step will be to have a meeting of the caucus which will be on Thursday. caucus will elect the people who will form the Ministry and then we would be sworn in, I imagine on Friday.

Question: what do you propose to do about joint American bases in Australia and the use of B52 bombers out of Darwin?

Hawke: The current situation will remain. We have certain ideas about trying to improve the possibility of Australian involvement. You will recall that was said during the campaign in our policy then that we would have a look at the possibility of having someone in Washington with a view to increase the possibilities of consultation. There is no hassle about that one.

Question: What is your (inaudible) on B52s?

Hawke: Well specifically on B52s they are operating now on certain undertakings that have been given by the United States

Government. The nature of those undertakings have been spelled out in the parliament. I have no reason to believe that the undertakings as spelled out are other than accurate. What we will be doing is to review all the previous decisions of government in areas of importance will be looking at that and checking. But I have no reason to believe the undertakings that have been given out are inaccurate.

Question: To what level do you believe your Prime Ministership relied on Bill Hayden leading up to the 1983 campaign. Would you consider him becoming the deputy leader?

Hawke: Taking that in the two parts that you put it. Firstly, the party in the 1980 election led by Bill achieved a certain swing, therefore I built on that base and my colleagues built upon the base of the 1980 election. As to the swing that was achieved by Bill Hayden is known. I believe that Lionel Bowen will be the Deputy Prime Minister.

Question: (inaudible) about some small administrative changes would you elaborate?

Hawke: I will go to just a couple of them but I think it is more appropriate that they be finalised after discussions with Sir Geoffrey Yeend. Not that I am looking for his authority but I want to discuss them with him so that he can get the processes going, but I would indicate because we believe that the situation of young people in Australia is of critical importance we will be adding to the education department the titulation of education and youth affairs. It is my intention that we pay more attention to the problems of young people in

our country and I will be seeing that not only by the inclusion of that in the department of education, but I will be requiring the three ministries of education, employment and industrial relations and social security which in various ways impinge on matters concerning young people, to coordinate their activities so resources of my government will be able to be best directed towards meeting the increasing problems of young people in this country.

Question: Will you be going to the Middle East and will you be announcing a troop withdrawal?

Hawke: There seems to be some difficulty in understanding the position that I have put now over a period of four or five weeks but for those who still have not got the point let me make it again. There will be no precipitous withdrawal of Australian troops from the Sinai force. There have been developments including the disastrous war in the Lebanon since they were there. There are other forces in place and I believe it would be the position of the overwhelming majority of the Australian community including the overwhelming majority of my party that nothing precipitous be done which could in any way destabilise the area so nothing precipitous will be done. I have indicated that my first and overwhelming position will be to give leadership to my government and to getting in place the processes and steps which are necessary to try and turn this economy around at the earliest time which is consistent with that I would hope that I have the opportunity of going to the area and renewing my friendship with President Mu'arak, the leadership of Jordan

and the leadership across the political spectrum in Israel to see what, if anything, Australia can do in trying to accelerate the processes towards a peaceful resolution of conflict in that area. That is what I have said on the first day of the campaign. You will see that Bill Hayden in a very detailed and I think excellent statement to the media during the course of the campaign outlined the same position.

Question: Had you finished telling us about administrative changes?

Hawke: I think it more appropriate to announce these at the time when the decision has been taken. I want to emphasise the point basically that there is not going to be a drastic alteration in the administrative arrangements.

It seems to me that alterations just for the sake of alterations and saying look we are doing it differently from the way they did it is quite pointless. I want to have a smoother transition and as economical a transition as possible so any changes will be small.

Question: Could you tell us what departmental heads you will be meeting this afternoon and secondly would you be briefed this afternoon on the deficit situation and thirdly when can we expect some announcement about any departmental head changes because you have indicated that there might be something very soon.

Hawke: I will be meeting Sir Geoffrey Yeend this afternoon. I have already spoken on the phone to Mr Stone and in regard to any changes at the level of department heads well you will hear about them when they occur.

Question: Could you give us any idea what Mr Stone told you this morning in relation to the size of the deficit?

Hawke: The way this government operates is that I told Mr Stone what I required and I will be receiving a document from Mr Stone before the end of this day.

Question: Do you expect Mr Stone to come on board with your government?

Hawke: That is a rather misplaced question. How do you mean come on board? He is a head of a department of the public service. Do you know the constitutional arrangements of the government in a democracy? He is the head of a public service department I am about to form a government. He does not come on board my government.

Question: You said you would be asking him to accept your policies and if not he would go. Did you put that to him?

Hawke: No. There were far more important questions. I want to know what the deficit is in '82/83 and I think that he should be allowed to pursue his consideration of that very important matter unencumbered by any other considerations.

Question: You have not discussed his future?

Hawke: Well that follows, doesn't it?

Question: There has been considerable speculation that banks are about to increase interest rates. Will you be able to stop housing interest rates rising?

Hawke: I do not think that it is appropriate at this stage to talk about the level of interest rates. Let me say this. I already have the person who I can announce now will be the treasurer, this will come as some surprise to you, Paul Keating, that he is having discussions at the moment in the areas of the economy which in part impinge on the areas which you are talking about. It would not be proper I think for me to say at this stage. It could upset the stability of our major financial and economic institutions as distinct from what happened during the campaign.

Question: You said last week that you would release the information on the deficit very quickly.

Will you release that tomorrow? Hawke: I will give consideration to that. I think it is very likely that I would, yes.

Question: What would be your attitude towards the government's attitude towards the Indonesian?

Hawke: Let me answer that in two parts. Firstly I have good personal relations with much of the leadership of Indonesia including the fact that I have had lengthy meetings with the president. As you may have seen Bill Hayden for the employers, never. national said that it would be his hope that he would visit Indonesia early in his foreign ministry and what we will be about will be trying to re-establish strong constructive relations with Indonesia.

Question: Have you spoken (inaudible) with Mr Fraser today?

Hawke: No I haven't.

Question: Your predecessor had scheduled a meeting with President Reagan. Will you seek an early meeting with President Reagan?

Hawke: I have not got it as a matter of immediate urgency pri-

ority but I would wish at the earliest convenient time for the President and myself to have such a meeting. I am not interested in dashing away out of the country quickly, my priority is in respect of our domestic matters. One of the matters that I will be discussing with Sir Geoffrey is just what is the position in regard to the timing of the CHOGM conference. It is conceivable that I may be able to combine a visit to the United States with that I certainly would not be making any separate visit.

Question: You are not going to be a tourist Prime Minister?

Hawke: That question arose during the campaign. Let's put the position quite clear now. As I said during the campaign I am not saying anything different afterwards. I regarded the position that was adopted by Mr Fraser in the '75 campaign as an absurdity when he said we did not want a tourist as a Prime Minister and then proceeded to undertake more visits than Mr Whitlam had. My position was put clearly in the campaign and I will repeat it now.

My overwhelming obligation is to the people of Australia and that will require at times visits to overseas. They will be taken according to one criterion and one only - are they in the interests of this country, where they are judged to be so then they will be undertaken.

Question: The Confederation of

Australian Industry have (inaudible) been (inaudible) given that you have other employers coming to the summit could you see a situation where the confederation is no longer the voice of the employers?

Hawke: They have never been the voice. National wage cases are one of the elements of re- sponsibility of employers in this country. The CAI itself has never made claims itself to be the voice for the employers, never. national economic summit conference just about wages, the CAI will have a representation there. May I say on the CAI that I am very pleased to see on the election situation when I pick up my newspaper this morning that the sweet voice of reason, my old mate George Politis is there speaking for the CAI. It makes much more sense than some of the others which came from that quarter during the campaign.



Question: Did the Prime Minister's precipitous action last night in announcing his resignation as Liberal leader embarrass both you and the Governor-General in as much as he apparently refused to co-operate in an orderly transition of power from him to you. Who is running the country in fact?

Hawke: I can only speak for myself in regard to whether there is embarrassment or not, I can assure you I am not embarrassed. If the Governor-General is only he can say.

I do not experience any difficulties in transition. I understand from Sir Geoffrey that Mr Fraser will be coming here this afternoon to Canberra and that the resignation will proceed and be delivered this afternoon and I believe it will be likely that I will be seeing the Governor-General some time this afternoon following that. I have made my criticisms of Mr Fraser during the campaign, as far as I am concerned that chapter is ending and another is opening.

Question: Could I pick up an earlier question that was raised about Indonesia. To what extent is future aid to Indonesia going to be tied to the question of Indonesia's intervention in East Timor?

Hawke: In terms of military aid I think the interests of this country will determine that I should not go into details of the discussions we will have with Indonesia. We have had a tortured relationship since those events in the middle of the 1970's. The obvious point of agreement I believe amongst all Australians would be that we want to get those relationships on to a constructive basis.

Question: You said during the campaign that there would not be any devaluation of the dollar?

Hawke: I would have thought that anyone with a minimum understanding of events would know that if you had a sense of responsibility about the stability of this currency you don't go making statements during a campaign about what you are or are not going to do about changing the currency situation, that you don't do so during a campaign. You don't do it during a press conference.

Question: One of the most common allegations from country areas of Australia is that the Labor Party seems unsympathetic to their areas?

Hawke: The people of the country areas answered that yesterday.

Question: What is the basis that people will be invited to caucus on Thursday?

Hawke: This has arisen before as you know. The matter for decision is that there is nothing binding, no formula written into the rules of the caucus. It is a matter of common sense. I think what the caucus will be doing is to tend to err on the side of optimism. That seems to me to be the essential thing to do.

Question: When you get the Governor-General's permission which will be the colleagues to join you?

Hawke: I wish you could understand what happens, the Governor-General meets me as I understand it and invites me to proceed to form a government. I have explained once already what the processes of that will be.

Question: When will you be sending out your invitations to the economic summit? Which organisations will you be asking?

Hawke: The difficulty obviously is on the non-trade union side I simply say the ACTU side is understood by everyone to represent the trade union movement and the State Governments are no problem. I repeat what I said during the campaign that we will be looking at a representation from the employers which they the employers and the community will understand is totally representative so what it will require is certain direct representation from very large employers who would be recognised as covering the important sectors of the Australian business community.

Then we would need to pick up representation from actual organisations including for instance the CAI and then I would be looking at the small business sector

and I do not want to go over the nonsense of the campaign. There is one recognised legitimate body in that area. Now what I have happening at the moment is an examination of this being undertaken for me and by the time we form a Government on Friday I will be in a position to keep the undertaking I gave in the campaign on that day. The letters of invitation will go out. I have spoken to leading figures in industry and they are currently engaged in assisting me in that matter. In fact one of the leading figures of industry, I won't name him at the moment but I have provided from him a list of the first category of a number of people that he believes will cover those large single enterprises.

Question: Will you be forming a government this afternoon or will you be waiting until after the caucus meeting to form a government?

Hawke: The latter.

Question: When will Parliament sit - before the return of writs?

Hawke: As I understand it now we need to have a meeting of the Parliament a one day meeting before the end of March because of supply contingencies created by payments required in respect of the drought and the bushfires. As I am currently, advised that would be a one day sitting for the purposes of passing the necessary legislation and we would then be meeting as I think at the moment in the third week of April.

Question: Will your Government give PLO representatives visas into Australia?

Hawke: My view would be no. The position in regard to the PLO not only in that context or whatever they were talking about when setting up offices it is quite clear. I believe the PLO would be required, as it has been said it is going to do, to recognise the existence of the State of Israel, and I believe if and when that happens very very many of the problems in terms of getting a resolution to the problem in the Middle East would be resolved.

# LABOR GOVERNMENT TO BUILD TWO FRIGATES

Sydney THE SYDNEY MORNING HERALD in English 8 Mar 83 p 12

[Article by Tom Ballantyne]

[Text]

The election of a Labor Government has removed any remaining doubts that at least two new guided-missile frigates will be built at the Williamstown dockyard in Victoria.

This will provide jobs for thousands of workers both at Williamstown and in related industry outside the dockyard.

Construction of the ships, at a cost of \$400 million each, should begin in the second half of next year.

It will be the first time in 12 years that major warships have been built in Australia.

If the Navy is satisfied with the two frigates, the dockyard would be likely to win contracts for four more.

Labor's spokesman on defence, Mr Gordon Scholes — one of the three favoured to be Australia's new Minister for Defence by Friday — gave a guarantee before the election that the vessels would be built at Williamstown.

However, he said yesterday there would be "no gravy train" for the dockyard, which has been plagued by industrial disputes and poor management-union relations for a number of years.

"We are not going to send them a blank cheque and tell them to build ships," Mr Scholes said.

"We want ships built, but we want them built properly, at proper cost and in proper time."

Mr Scholes is confident that changes last year in the yard's procedures and management, and continuing monitoring of operations at

Williamstown, have removed any obstacles in the way of the warships being built in Victoria.

The former Liberal Government made a "first chance" tender invitation to Williamstown late last year, but its acceptance was conditional on confidence that the yard could complete the task on time and at reasonable cost.

Three frigates have already been built in the United States and a fourth is still under construction at the US Navy dockyard in Seattle.

The cost of building the frigates in Australia is high. The Department of Defence estimated last 1974 that they would cost 16 per cent more to build here than in America. The premium is now said to be closer to 20 per cent.

However, the benefits of local construction are significant. Apart from maintaining the ability of Williamstown to build major warships, it is estimated that 10 per cent of Australian fabrication will go to industries outside the dockyard.

Unions at the dockyard are delighted with the definite prospect of warship construction.

Mr John Halfpenny, Victorian secretary of the Amalgamated Metal, Foundry and Shipwrights' Union, which represents a big part of the Williamstown workforce, said yesterday he was confident there would be no problems at the yard.

"All of the problems we have had are starting to be sorted out," he said.

"There is certainly less hostility than there used to be. There is no doubt about that."

## NATIONAL BANK PROFITS INCREASE 85 PERCENT

Kuala Lumpur THE STAR in English 4 Apr 83 p 31

[Text]

THE National Bank of Brunei Ltd has made a 85 per cent increase in its after-tax profit to \$26.43 million for the year ended Dec. 31, 1982.

Its latest annual accounts showed that total deposits of the bank including balances held for other banks agents passed the \$1 billion mark to \$1.134 billion, representing a 35 per cent growth.

Its loans and advances went up to \$897 million, an increase of 28 per cent over that of last year's \$728 million.

Total assets of the bank including contingencies have increased by 34 per cent to \$1.619 billion from \$1.204 billion previously.

The bank's wholly-owned subsidiary, National Finance Ltd, increased its after-tax profit by 68 per cent to \$5.74 million.

A dividend of seven per cent amounting to \$1.47 million was paid to the bank.

National Bank of Brunei's president, in his

statement, attributed the bank's improved performance to the country's strong economy and the increasing level of support from the government, its customers, members of the public and its worldwide correspondent banks.

During the year, the bank opened another branch office at Berakas, a move in line with the bank's philosophy of maintaining its lead in the banking community.

In 1984, Brunei is to enjoy the status of an independent nation.

The bank's president said:

"This is an event of great importance. Brunei has a bright future in view of its strong economy built up over a period of years.

"There will be opportunities for the expansion of trade relations with all other countries and on the home front, there will be further developments both in the government and private sectors," he said.



BRUNEI DEFENSE TALKS

Hong Kong SOUTH CHINA POST in English 29 Mar 83 p 7

[Text]

Kuala Lumpur, Mar 28.

The Malaysian Prime Minister, Datuk Seri Dr Mahathir Mohamad, arrived in Bandar Seri Begawan, Brunei, today for a two-day official visit, aimed at strengthening ties with the oil producing sultanate which gains its independence from Britain at the end of the year.

The Malaysian leader was accompanied by a senior delegation which included the Foreign Minister, Tan Sri Ghazali Shafie, and the chief of the defence forces, Tan Sri General Ghazali Seth.

Dr Mahathir, who is also Defence Minister, is expected to discuss regional political matters with the Brunei ruler, Sultan Sir Hassanah Bolkiah.

Brunei officials said Dr Mahathir's visit, the first since he took office in July 1981, was also to reassure the sultan that Malaysia's offer of friendship was sincere.

Political sources said that Dr Mahathir was also expected to discuss possible bilateral defence arrangements with Brunei authorities.

Brunei is seeking to negotiate a new defence arrangement with Britain to allow the battalion of British Gurkha troops to remain after independence.

The British Minister of State for the Armed Forces, Mr Peter Blaker, recently visited Brunei but made no statement on the future of the Gurkha battalion.

Dr Mahathir's visit could pave the way for further talks on Brunei's possible inclusion in the Association of Southeast Asian Nations which groups Indonesia, Malaysia, Singapore, the Philippines and Thailand, political sources said.

Brunei has already indicated it would join ASEAN when it became independent.

—Reuter.

CSO: 4200/566

## TALKS ON GURKHA TROOPS FAIL

Karachi DAWN in English 19 Apr 83 p 9

[Text]

BANDAR SERI BEGAWAN, April 18: Britain and the Sultanate of Brunei have failed to agree on the continued stationing of a battalion of British Gurkha troops in the tiny oil-rich protectorate after its independence, a British Minister said here last night.

Foreign Office Minister Lord Belstead told a Press conference before leaving for home that no firm decisions on a defence arrangement between Britain and Brunei were reached in three days of talks with the Sultan, Sir Muda Hassanah Bolkiah.

Lord Belstead, who has responsibility for Asia, declined to specify reasons for the break in the talks

which, he said, were adjourned "to give us time for reflection." No date was fixed for further discussions.

Britain relinquishes responsibility for the Brunei Island protectorate's defence and foreign affairs at the end of the year.

Under a 1979 Treaty of Friendship and Cooperation, Britain agreed to continue after 1983 to help Brunei develop its armed forces, some of the best equipped in the region.

Brunei agreed in turn that the British army would continue to use training facilities in Brunei.  
—Reuter.

CSO: 4200/566

## BRUNEI

### BRIEFS

WORLD MOSQUE COUNCIL--Miri, Sun.--Brunei has officially joined the World Council for Mosques which has its headquarters in Mecca. It was officiated by the Secretary-General of the World Council for Mosques, Syed Ali Mohamed Mokhtar, who said the aim of the council was to unite the Muslim Ummah. He presented the Brunei Council with US\$10,000 (M\$24,000) cheque for its Dakwah activities. [Text] [Singapore THE NATIONAL ECHO in English 4 Apr 83 p 16]

SULTAN'S PHILIPPINES CONNECTION--In 1969, a young man from a neighboring country used to visit the Philippines and stay at the Manila Hotel. His Philippine connection and bosom friend is Asia Sheraton Motor corporation's Greg Gutierrez Jr., son of the well-known Harvard and Fontainbleu-educated architect Gregorio Gutierrez Sr. The visitor is now the present Sultan of Brunei whose country's income from crude oil production is three billion dollars a year. Japanese Prime Minister Yasuhiro Nakasone, who is visiting the five member states of the Association of Southeast Asian Nations (ASEAN) April 30 to May 10, is including Brunei in his itinerary. The Sultan is building a Palace city at the cost of \$350 million under a contract handled by the internationally known Bechtel Corp. of California. The contractor is Ayala Corp. of the Philippines. [Arthur Sales] [Excerpt] [Manila BULLETIN TODAY in English 16 Apr 83 p 17]

CSO: 4200/562

## KIRIBATI

### BRIEFS

FIRM SELLS ISLAND--Press Assn, Wellington--The Burns Philp Co Ltd has sold the Washington and Fanning Islands to the Republic of Kiribati for \$1.5 million. The Washington and Fanning Islands are part of the Line Islands, which lie about 1600 kilometres south of Hawaii. A Burns Philp subsidiary, Fanning Island Plantations Ltd, has owned the islands since 1936. They were used mainly in the production of copra. The chairman of Burns Philp, Mr J. D. O. Burns, said the agreement to pass control of the islands to Kiribati was an amicable one. He said the company had stopped work on the islands on March 31, and all staff had been paid off. "To assist in the rehabilitation of the islanders we will be giving \$150,000 in aid over the next two years," he said. "We will also be part of a committee made up of Kiribati Government representatives and islanders which will help them over the transition period." [Text] [Auckland THE NEW ZEALAND HERALD in English 5 Apr 83 p 1]

CSO: 4200/560

## MALAYSIA TO BACK JOINT ASEAN ARMS PRODUCTION

Singapore THE STRAITS TIMES in English 12 Apr 83 p 14

[Text] Kuala Lumpur, Mon.

**MALAYSIA** hopes to encourage joint arms purchases and production, especially of small arms, among Asean member-countries, its Deputy Defence Minister, Abang Abu Bakar, said today.

He told reporters after talks with visiting Singapore Defence Minister Goh Chok Tong, that joint production of small arms, particularly with Thailand and Singapore, was feasible.

Abang Abu Bakar said Malaysia and Singapore were members of a five-power defence arrangement with Australia, New Zealand and Britain, which provided for an immediate defence fallback in the case of any territorial incursions.

### Agenda

Mr Goh arrived here today for a three-day official visit to Malaysia.

He was accompanied by the deputy secretary of the Defence Ministry and Director of Logistics Teo Ming Kian, Assistant Chief of General Staff (Plans) Colonel Boey Tak Hup and Chief Armour Officer Colonel Colin Theseira.

During his stay here, Mr Goh is expected to discuss common areas of defence cooperation and production of small arms with Malaysian officials.

Mr Goh is scheduled to call on Prime Minister Datuk Seri Dr Mahathir Mohamad, who is also the Defence Minister, tomorrow and visit several military bases in the country. — Reuter, AFP.

## RIFT WIDENS IN MALAYSIAN ISLAMIC PARTY

East Burnham ARABIA THE ISLAMIC WORLD REVIEW in English Apr 83 p 15

[Text]

● The crisis within the Islamic Party of Malaysia (PAS) has deepened, with its new leaders taking disciplinary action against a former party leader, Datuk Asri Haji Muda, and twelve of his supporters.

In an unexpected move in late January, the party disciplinary committee expelled the former Kelantan State chief minister, Datuk Ishak Lufti, and a PAS Kelantan State assemblyman, Datuk Nik Man, suspended indefinitely Datuk Asri and seven others (including a member of the federal parliament and two Kelantan State assemblymen), and issued warning letters to another two MPs and a district party leader.

The move steps up the open squabble between the new PAS leaders and Asri's group. The conflict began during the party's Muktamar last October, when Asri hastily resigned after delegates adopted proposals to amend the party's constitution, in his view with the intention of undermining his position. Asri then accused his opponents of being "radicals" who had been influenced by - and were aiming to imitate - the Iranian Islamic revolution, and called on PAS members to oust the new leaders who, he said, had changed the nature of the party.

The new leaders seemed at first to dismiss his behaviour as insignificant. His supporters' call to the Kelantan PAS liaison committee for a special meeting to discuss the issue had also been ignored. However, in mid-January the working committee of the PAS in Kelantan, which is Asri's home state and his power base, submitted a report to the party's central disciplinary committee, which then took action against the "group of 13".

The action was taken against them, according to the acting PAS president, Haji Yusof Rawa, because of their "grave offences" against the party. While admitting that the

party's immediate future will be difficult, Haji Yusof made it known that it was prepared to face "any risk, even a split in the party, to safeguard its unity and strength in upholding the Islamic struggle." Haji Yusof hinted that further action might be taken against those suspended, and warned others supporting the group.

The reaction of Asri's group was one of defiance. Asri himself regarded his opponents' move, which had been made without calling for their defence, as a "complete departure from the time-honoured practice adopted by PAS." Asri's supporter, Datuk Abu Bakar bin Umar, a former deputy party leader who quit during the October Muktamar with Asri, and is now a senior MP, issued a statement calling the action "shortsighted, without rational thinking, stupid and based on wild accusations and vengeance."

Beside those vocal protests, the Asri group immediately formed an action committee and an information committee with the twin purpose of "evaluating the situation within PAS and charting a new course for the party." Asri was, however, emphatic that he was not planning to form a new political party.

The Asri group's activities since the Muktamar were grounds enough for disciplinary actions, but observers consider that the present party leadership's main concern was the possibility of Asri and his men contesting the party elections during this month's Muktamar - something Asri's suspension will stop him doing. Asri's challenge was at the central level; his twelve supporters, mostly party heads at the district level, were a threat at the grassroots.

The irony is that the leadership will almost certainly not get the smooth Muktamar they sought through the disciplinary action. Asri and his supporters have vowed to oppose and

wipe out the "radicals", with the Muktamar an obvious avenue.

But, whatever this month's Muktamar brings, PAS will inevitably emerge a weaker party in terms of popular support. The radical

group is strongly supported by the more ideologically idealistic, while the Asri group has the sympathy of the electorally vital Malay peasants. Thus, the immediate prospects of a strong and balanced PAS are poor.

CSO: 4200/559

## ANWAR IBRAHIM: MALAYSIA'S RISING STAR

Hong Kong SOUTH CHINA POST in English 3 Apr 83 p 6

[Article by John Bussey]

[Text] A LITTLE more than a year ago, Mr Anwar Ibrahim was a well-known opposition figure in Malaysian politics.

As leader of Abim, the Muslim youth organisation, he used his persuasive oratory to shape human rights issues and the Islamic movement in Malaysia.

In the process, Mr Anwar became a forceful critic of the ruling National Front coalition and its chief faction, the United Malays National Organisation (UMNO).

Today, Mr Anwar is a vice-president of UMNO. He has a seat in Parliament, is president of UMNO's influential youth wing, and works from a comfortable office in the Prime Minister's department, where, as a deputy minister, he helps co-ordinate the Government's Islamisation policies.

The Prime Minister, Dr Mahathir Mohamad, is credited with wooing the 35-year-old activist into the fold last year. Political observers called it nothing less than a coup: not only had Dr Mahathir won over an articulate opponent, but he stole Mr Anwar from the orbit of the Parti Islam Se-Malaysia (PAS), a political group strong among conservative Muslim Malays.

By placing Mr Anwar firmly in its camp, UMNO seemed to be reassuring many Malays that economic progress will not be had at the expense of Islam.

Mr Anwar's rapid rise up the party ranks has angered some UMNO regulars, who say the man has simply gained power too fast. But his new UMNO credentials seem only to have boosted Mr Anwar's popularity among Malaysians.

In January, he was chosen Malaysian of the Year by The Star, a Kuala Lumpur-based newspaper with 374,000 readers.

His part last year in forcing a review of unpopular proposed amendments to the Societies Act also convinced many sceptics that

the establishment has not co-opted Mr Anwar.

In private conversation and in the press, he has already received mention as a future candidate for prime minister.

Mr Anwar's political career will undoubtedly rest largely on the Islamisation programme. The sizeable non-Malay Chinese and Indian minorities are wondering if a resurgence of Islam will impinge on their lives and whether UMNO can walk a moderate line between non-Malays and the country's fundamentalist Muslims.

Tensions are already high over the effect the New Economic Policy has had on non-Muslims. Enacted in 1970, the NEP seeks to boost the economic standing of Malays to a level more in line with their proportion of the population. Some non-Malays fear that the economic constraints left in the wake of the NEP will now be aggravated by the growing Islamic movement.

In this interview, condensed from a 45-minute discussion held in Kuala Lumpur last month, Mr Anwar comments on Islamisation in Malaysia and how he sees it unfolding in coming years.

Question: Could you elaborate on what you mean by Islamisation? You have said in the past that you see it as inculcating Islamic values in society.

Mr Anwar: The Islamisation process covers all attempts to improve the standard of living of all Malaysians. To my mind, from the Islamic perspective, any effort to combat corruption effectively is inculcating Islamic values, which is readily acceptable to even non-Muslims and other religious groups.

Elevating the standards of the poor, having a more efficient Government. That's what we mean — what the Muslims mean — by Islamisation.

This should not necessarily excite the others because I think it is something they accept. We should not quarrel over terms. Why we use it (the term Islamisation) is because we address ourselves partly to the Muslim community.



If you confine Islamic matters only to petty issues like halal (pure) food and the rituals in the mosque, then you will never be able to educate the Muslims to see development programmes, technological advancement, in the wider perspective.

We want to see this — efficiency in Government, combating corruption, development — from an Islamic perspective in order to motivate Muslims to feel that these are also essential.

None of these programmes are going to affect them (the non-Muslims) — for example, when we say that Muslims cannot now enter the casino. Nothing that has been done here should be seen as infringing on the rights of the non-Muslims.

Take for example halal food. Muslims are demanding that the Government provide facilities for halal food. So we are saying, okay, hotels, restaurants, if you say it is halal then make sure it is halal. Don't cheat the consumers.

We are not saying that non-Muslim restaurants cannot serve non-halal food. You can. But we are saying please provide facilities for Muslims to eat.

Q: You say that these initiatives will not affect non-Muslims. What do you see as the role for non-Muslims in the larger Islamisation programme?

A: Efficiency in the Government, combating corruption, elevating the standards of the poor — this is something that covers both the Muslims and non-Muslims. Building an independent, economically strong Malaysian nation.

Even when you talk of Islamic institutions like the Islamic Bank, these are not a Muslim affair as such because non-Muslims can participate, non-Muslims can help manage, and non-Muslims can benefit.

Q: Some critics have said that the Islamisation programme is a continuing effort to impose Islam on the non-Muslim community. How would you react to that?

A: I would say that it is probably a question of communications breakdown or misunderstanding because they sometimes equate what we say with some of the lunatic fringe or fanatics in the country.

We don't deny the existence of aberrations among the Islamic groups. But these aberrations are never the dominant trend in our society.

Q: There has been discussion of a compulsory course on Islamic culture in the schools. Why not a compulsory course on Chinese culture or Indian culture?

A: It depends on the university to decide the application of these courses. The Government recommends that there should be a further understanding so that Muslims see Islam not from a narrow viewpoint and not to call upon the Government, for example, to implement immediately Islamic law or label the country an Islamic state and so they understand Islam in the context of a multi-racial, multi-religious society.

We do not want Muslims who get interested in Islam or ones who aspire to become good Muslims be misled by this lunatic fringe who think that everything could be solved by merely going back to the Koran in a simplistic manner.

Similarly to the non-Muslims, they need to understand.

In the curriculum (Indian and Chinese culture) is to be incorporated. In the syllabus there is a large portion on the question of the relationship of Islamic culture among the Malay community and how it has accommodated aspects of Chinese and Indian civilisation in the total process of Islamisation.

Q: The issue is whether having a compulsory course in Islamic culture is saying to students that this is more important than a course in Indian or Chinese culture.

A: Firstly, we have never said it is going to be compulsory. It's up to the universities. Some universities have made Malaysian studies compulsory right from the beginning. (In) some universities, there is no such thing as a compulsory Malaysian studies course.

They are going to add this course and recommend that students learn and explain that the curriculum is actually an understanding of Islamic culture and the integration of Islamic, Indian, and Chinese cultures in our society. Because not many Muslims or Malays know that. Not many Chinese or Indians know that.

Values that are cherished by the whole community — these are what we are going to stress.

Some of these labels, though, can be misleading but are quite essential because we are facing the phenomenon of Islamic resurgence. It has been admitted by the Prime Minister, by the Deputy Prime Minister that, in the past, somehow or other because of some of our policies we have been seen somewhat to be neglecting this aspect.

So it is somewhat a positive response while maintaining the rational framework and stressing the need to apply whatever new institutions or changes in the context of the realities of the Malaysian political and economic situation.

Why burden ourselves by declaring our society as a secular society when it is not? Why claim our society to be an Islamic state when it is not? It is a Malaysian society. It has secular aspects, it has religious aspects.

These terms need to be explained. It is not secular as seen from the Western context. It is secular in the sense that it is not an Islamic state.

It is secular in the context of a Malaysian society. It is Islamic in the context of Malaysian society. It is not Islamic in the sense that the Iranians consider themselves to be Islamic.

Q: The New Economic Policy is an economic blueprint for Malaysian society. But do you see it as indirectly instilling these values or do you see the NEP as playing strictly an economic role?

A: No. I think in the past there have been allegations that we have neglected somewhat the question of the spiritual, social dimension in the development process.

Now I think there is a greater awareness, while accelerating the pace of economic advancement we would like also to put some emphasis on spiritual advancement, on social aspects of development.

Q: Are Malaysians leaving the country because of the NEP?

A: The number is minimal. I don't think it's because of the NEP as such. There are very few of them. When people are starting investments abroad, sometimes they decide to stay abroad.

I think this happens in all developing societies and I think compared to most developing societies, the number leaving Malaysia is most minimal.

Q: Is it possible that the resurgence of Islam will make non-Muslims feel that the society is moving away from them, that there is less room for them here?

A: No. It depends on what we do and how we explain it. Applying some aspects of Islamic law to the Muslims, these laws are actually in line with what a modern man would like to see. It is not dogmatic. It is a progress.

I have to emphasize the fact that Islamisation seen from a wider context must be essentially different from the experiences of some other countries — I wouldn't want to name them.

Here when we talk of Islamisation, when it comes to certain relations and laws, it only refers to Muslims. When it comes to Islamisation in terms of the Malaysian nation, we talk about efficiency in the Government, we talk about liberalisation of the laws, we talk about elevating the standards of the poor, we talk about disciplined society. We talk of a great Malaysian nation.

This actually transcends racial barriers, transcends religious considerations in a narrow sense.

What we are talking about in the Government cannot be equated anyway close to what some of the opposition groups are talking about — the dogmatic, doctrinaire, closed manner.

Q: How do you think foreigners — particularly foreign businessmen who might be interested in investing here — perceive Islamisation? Do they think of hysteria when they hear the word?

A: Yes, and you have hysteria against the West. Some Islamic elements, you also have some hysteria against the West. Here you have against the West. And similarly you have among Western businessmen. I've met many of them. The moment they hear Islam, they imagine a mini-Khomeini in the making.

Q: The experience in Iran, has it served to help or hurt the promotion of Islamic culture and Islamisation elsewhere in the world?

A: We have seen the initial developments in Iran as positive. The fact that the people themselves decide to overthrow the past regime of the Shah and accept the new leadership. Of course we are in no position to accept all their programmes or policies.

Because you use the Islamic label it creates more interest among the Muslims and it creates a lot of apprehension among the non-Muslims in the West because it's something new. It's a recent phenomenon.

Malaysia is unique by itself. It is multi-racial, multi-religious. The Muslim sentiment, the Malay world view is something far different. I know. I have been there (Iran). We are not like the Iranians in our temperament.

Q: What do you say to a foreign businessman who says, "What happened in Iran is what will happen in Malaysia." How do you convince this person that it's not the case?

A: I'll ask him to take a ride through Kuala Lumpur and some of the villages for two or three hours until he changes his mind.

There is an amount of concern. Talk about Islam in this country is also a recent phenomenon. People talked about it but not with the stress there is now.

I think certainly that they must appreciate the fact that we are different. And I think sometimes when they start asking these questions, we take it really as an insult. How could they imagine that we could even go to that extent? Things are so different.

Q: Have you found foreign investors preoccupied with the Islamic movement here?

A: There has been some sort of concern in the foreign media. Much of it has been exaggeration.

Q: How do you see the Islamisation process unfolding in the next four or five years?

A: You will have, for example, in the next five years, another 20 branches of the Islamic bank with 250 to 1,000 branches of the other banks co-existing.

You will have students having a better understanding of what Islamic civilisation is all about. And you will have less and less people harping about Islamic revolution in the context of a multi-racial society.

We will have more and more Malaysians having a comprehensive understanding of various religions, more tolerant, more open. We will have a more liberal society. We should be having a more hard-working society. Malays will not be thinking in terms of what subsidy to get before they start their business.

We feel we should be able to motivate them from religious values, from indigenous values, from Malaysian values or from values we get from Japan and Korea to get them to work hard. No more the question of subsidy and assistance.

These are, to my mind, what we hope to see.

## SINGAPORE SHELVES TRANSFER PLAN

Kuala Lumpur THE NATIONAL ECHO in English 4 Apr 83 p 16

[Text]

SINGAPORE, Sun.

— Indications are that Malaysia has got to wait a while before several industries from Singapore, particularly those which use heavy manpowers, "cross over" to Johore.

This is due to the current economic depression.

What is clear is that the republic itself needs to preserve the present industries on the island to provide employment to its job seekers, who are increasing in number.

Although the Singapore Government has taken various measures to bring about a more sophisticated industrial sector with the utilisation of robots and computers, the response from high-technology industrial enterprises

overseas seems to be still lacking.

Industry sources said this was due to various factors, particularly the current economic slowdown.

Foreign investors, they said, are more cautious before investing overseas considering the unpredictable economy.

Another factor is the lack of supporting industries in Singapore compared to the other newly industrialised countries in Asia like South Korea, Taiwan and Hong Kong.

"Therefore, Singapore is not willing to hand over any industry which will take years to develop before it is really confident of attaining high-technology industries," they said.

The sources believe that it is better for Malaysia to work itself to attract foreign inves-

tors through aggressive promotion campaigns in foreign countries.

The question of Singapore relocation its industries in Malaysia was brought up by Deputy Prime Minister Datuk Musa Hitam when he met with his counterpart Mr S Rajaratnam during an official visit here in February.

## DEVELOP

Datuk Musa had proposed that Singapore help relocate any of its industries, particularly labour-intensive ones in Malaysia to help them develop their industrial sector.

According to Datuk Musa, such bilateral co-operation could be expanded with the private sector of both the countries implementing various joint-venture projects covering all

fields particularly the industrial and tourism sectors which have great potential.

Datuk Musa cited Johore as one of the states with potentials in this area considering its proximity to Singapore.

He proposed that the appropriate authorities here prepare a list of industries which can be transferred and joint-venture projects which can be undertaken, for Malaysia's consideration.

However, informed sources revealed that the Singapore authorities have not undertaken anything in this direction.

The Economic Development Board, one of the agencies which monitors Singapore's economic activities, have yet to receive any directive or guideline on this.

## PRIME MINISTER MULDOON ISSUES WARNING TO PRODUCERS

Christchurch THE PRESS in English 4 Apr 83 p 4

[Text]

PA Auckland

Highly-protected producers have been warned by the Prime Minister, Mr Muldoon, that they will have to live with less Government protection soon.

New Zealand was a small country and the costs of policies which resulted in its being shut out of exporting were too great, Mr Muldoon said in a speech at the opening of a N.Z. Forest Products mill store in Te Papa, Auckland.

Many people failed to relate the assistance given to exporters to that given to other producers through import protection, Mr Muldoon said.

"This link is very important because a very large proportion of the assistance given to domestic producers ends up down the chain as a cost to exporters," he said.

"As long as high levels of protection remain and unless exporters are compensated to some degree at least for these costs, the profitability of exporting will be eroded compared with other activities in the economy. We are determined not to let that happen."

The main export incentives were intended to be temporary while the Government corrected export-

ers' artificially-high costs structure, but the problem was that those schemes were starting to "run up against the hard face of international reactions."

Whether New Zealand liked it or not, the schemes could not function indefinitely without inviting countervailing action from trading partners.

New Zealand had been able to buy a little more time under the G.A.T.T. subsidies code, provided the code was conformed with "within a reasonable time."

The United States had made it clear that it expected action by 1985 and, under C.E.R., performance-based export incentives would have to be eliminated by 1987.

"Under the provisions of that agreement the schemes cannot be replaced by any similar measure."

"The hard fact is that any schemes we can think of which would do the protection compensation job anywhere nearly as efficiently as our present set of incentives would not be acceptable internationally."

Mr Muldoon said many people failed to grasp that "fundamental fact."

It was no use, he said, dreaming up complicated proposals based on hair-

splitting technicalities if New Zealand's trading partners were not willing to accept its interpretations.

"The message I want to get across is that ultimately there is no alternative for New Zealand producers but to face up to much more international competition, and that the pace of adjustment to that competition is just going to have to accelerate a good deal," he said.

"If our flexibility to compensate exporters for the costs of protection is to be reduced, we will have to reduce those protection costs themselves."

"This means creating the environment where efficient import substitution and exporting can flourish."

"But if we are going to emerge from this adjustment process in conditions which will promote rather than restrict growth, all sectors of the economy, and most particularly those industries which are highly protected, are going to have to face changes in their assistance environment."

"If the profitability of exporting is to be maintained, and we are determined that it should be, then the burden of adjustment will have to be shared."

BOB JONES PREDICTS NEW RIGHT-WING POLITICAL PARTY

Address to Women's Electoral Lobby

Christchurch THE PRESS in English 9 Apr 83 p 2

[Text]

PA

Wellington

tainly I will be joining them."

Steps are being taken to form a new political party of the Right embracing politicians from both sides of Parliament, according to the Wellington property tycoon, Bob Jones.

He said he suspected he would not be standing in Otago as an Independent candidate but as a candidate for the new party, which he expected would eventually announce it would contest 36 seats.

Mr Jones hinted at the emergence of a new party during an address to the Women's Electoral Lobby and said afterwards that the subject demanded "a certain cynicism."

"But there is a lot happening," he said. "I really think we are going to see something and hear something in the next two or three months."

Mr Jones said he was not one of the leaders of the new movement. "I have been approached and cer-

He said some members of Parliament and a great many others throughout New Zealand felt that neither party represented the attitudes and mood of the country.

Most of the supporters of the new party would come from one side of the House, and there were no prizes for guessing which one.

"But there are Labour members that I understand or have been told share the concerns that have been expressed," he said.

Mr Jones said the actions of the Government no longer reflected the sentiments and values of the National Party.

The new group would hold that the individual came first. It would present a clear set of objectives including a constitution to limit the role of the Government, which was drifting now into totalitarianism.

Mr Jones said he was

surprised at the depth of support for the new movement and the money behind it. It was backed by some prominent citizens who would normally never have involved themselves in politics.

In his address, Mr Jones said he expected Labour to win the 1984 General Election, lose to a new party in 1987, and be replaced by a party with a new name with a clearly prescribed and meaningful philosophy.

"There is a need for an opposition party of the Left that has a clearly prescribed policy of the Left," he said.

The mixed economy and welfare State which "grew like Topsy" during the post-war years had resulted in a philosophical merging in the traditional two-party system.

"There are no longer any clear-cut political parties with opposing policies." The terms "socialists" and "free enterprisers" were meaningless.

Prime Minister Comments

Wellington THE EVENING POST in English 11 Apr 83 p 14

[Text]

CHRISTCHURCH, April 10 (PA). — Claims by Wellington property investor Bob Jones that a new right-wing political party would be formed to fight next year's general election were a hoax, the Prime Minister, Mr Muldoon, said yesterday.

"I don't think there is any truth whatsoever in what he is saying," he said.

"He's making fools of the news media," Mr Muldoon said from Auckland. "He has done a lot of

things with his tongue in his cheek."

## Disowned

The Prime Minister said the new party had been disowned by politicians from both National and Labour, though Mr Jones claimed in a speech to the Women's Electoral Lobby in Wellington this week that support would come from members of Parliament of both parties.

## Losers

"No National members would be interested in any other parties and I doubt whether any Labour members would be interested either. I believe this Social Credit fellow Knapp has said the same."

Any MP who did switch allegiances would be defeated, he said. Any organisation that swung its support behind the new party "would have to be out of their minds."

## Diversion

Labour's deputy leader, Mr Geoffrey Palmer, said yesterday a

new right-wing political party would not do anything to solve the problems facing the country. He described it as "a diversion".

He agreed that any move that might split the right-wing vote could be seen as an advantage for the Labour Party.

"Nevertheless, I'm not sure a destabilising political influence like this should be welcomed, because you really have no idea how it may end up," he said in Christchurch.

The political situation in New Zealand is volatile at the moment and in that atmosphere it is very easy to forget what the real issues are.

He said he had heard no suggestion that any Labour MP was in any way interested or involved in the new party.

The language used by Mr Jones about Labour Party involvement was vague in the extreme," he said.

Nor had he heard of any National MPs being involved.

## History

He pointed out that new political parties did not have a happy

history in New Zealand. There had been a new Liberal Party. Values had virtually died and after 30 years Social Credit was "on the downward path again."

But Mr Palmer said he understood that a lot of financial support for a new party was coming from Christchurch.

## Tax lobby

"I would expect it to be coming in from the people who supported TRIM (the Tax Reduction Integrity Movement).

"We know the enormous amount of money TRIM spent in the 1981 election campaign had absolutely no effect whatsoever," said Mr Palmer.

"I would have thought that if the TRIM involvement is proved the new party will suffer a serious setback.

"The idea that the solutions to New Zealand's problems lie in extreme right-wing ideology is palpable nonsense and will be seen by the electors as such."



LABOUR PARTY LEADER ISSUES 'BLEAK MESSAGE' ON ECONOMY

Christchurch THE PRESS in English 2 Apr 83 p 1

[Text]

**PA** **Wellington**  
**The Labour Party leader, Mr Lange,**  
**has returned from his two-day caucus meet-**  
**ing at Tatum Park with a bleak message for**  
**the country — "Forget there's a bonanza**  
**coming on the day Labour is elected."**

Mr Lange said at a press conference on Thursday that Labour would have to be honest and tell the electorate there must be shared sacrifices before there could be shared benefits.

When Labour was last elected, he said, people had expected immediate growth, redistribution of wealth, and that "we would all be eating chunks of cake."

But the situation now was much more grim. "When we come into office we will face a calculated stripping of the larder by the Government."

"The amount of overseas indebtedness is so vast and the price for servicing it is so high and the economy is so bad that anyone in this country who believes that any political figure can promise an immediate return to growth, prosperity,

and full employment is a fool.

"We have to have our nerve intact so that we don't overpromise the electorate while we work out just how to claw our way back up."

Mr Lange said he thought it inevitable that a Labour government would have to further reduce Government expenditure and continue wage restraints.

New Zealand had a declining economy, a contracting workforce and could no longer count on emigration to keep unemployment down.

"We are going to tell the truth about this country — and that truth is unpalatable."

It would take more than three years to get the country right again, and there

were clear limits to what could be achieved quickly.

The caucus had worked out desirable objectives for a wages and incomes policy, but would need to talk with all the affected parties before putting that policy into place.

Mr Lange said that although there would have to be restraint, Labour was not proposing to wipe National Superannuation.

"In New Zealand we can afford National Super. Whether we do afford it is a political decision, and my party will elect to afford it. It will be sustained by tax revenue."

More money would be available from taxes when more people were in jobs and also when the transfer of \$1.3 billion of taxpayers'

money to the rural and private sectors was stopped.

Mr Lange said that when it was decided to make State dependants within every aspect of the economy there was a breaking point for the economy.

"We have to get this country into a productive state where we do not make people subsidise producers of the very commodities that we depend on for our national economic existence."

"The reality is that we cannot have our basic export earners for ever internally subsidised."

He said that even the Government agreed that supplementary minimum prices could not continue indefinitely, and that Labour's traditional supports for farmers would continue.

LABOUR MINISTER COMMENTS ON UNEMPLOYMENT SITUATION

Christchurch THE PRESS in English 2 Apr 83 p 6

[Text] PA, Wellington

New Zealand workers had to change their attitudes to wage-fixing or accept high unemployment, the Minister of Labour, Mr Bolger, has said.

In the present economic conditions workers had to face some "awkward choices," Mr Bolger told the Hawke's Bay branch of the Wellington Regional Employers' Association, at Napier.

"The problem centres primarily on workers who are employed in industries which are unable to absorb or pass on the wage increase being sought," he said.

"If the representatives of these workers press for and achieve the 'going rate' in their conciliation talks, the inevitable consequence is fewer jobs."

Some people would argue that workers should not be called upon to subsidise less profitable industries through lower wages, Mr Bolger said. That attitude was fine, provided alternative jobs were available, but when they were not the choices become difficult.

"The important question is whether the community is prepared to change its attitude to wage-fixing in light of changed conditions," he said.

"More particularly, is the community prepared to accept a situation where workers in the more profitable industries get more, and those in the less profitable industries get less in order to preserve jobs?

"Or does it prefer a different form of inequality, namely, between those who have jobs and those who do not?"

If the community decided that wage-fixing reform was not wanted, the present "highly centralised system of wage-fixing" needed to be refined, Mr Bolger said.



At present one or two major awards effectively determined percentage wage increases at the start of the annual wage round.

The outcome of negotiations had to be more consistent with the broader requirements of the economy, Mr Bolger said.

"The present system is rather hit and miss in this regard and a great deal of pressure is placed on the early awards," he said. "There is always the risk of an excessive settlement early on in the wage round, and in the past successive governments have not been prepared to take that risk."

Mr Bolger said a regular process of tripartite talks--between the Government, employers, and unions--could be held before each wage round to overcome this problem.

The talks could simply exchange information on economic prospects for the coming year to establish the economic context in which the wage round would take place. Alternatively, the talks could seek to secure agreement on the limits of the wage round, expressed in a single figure or a range specifying a minimum and a maximum.

"This, in essence, is what the Federation of Labour suggested as a means of easing the transition from the wage and price freeze," Mr Bolger said.

"The viability of this option hinges on the likelihood of finding consensus, and on the ability of the central organisations to deliver on the deal.

"While it would be nice to think that consensus could be reached on a continuing basis, at the end of the day it may be more realistic for the Government itself to indicate to the parties what it considers to be reasonable."

"Another option would be to resurrect the Arbitration Court as a central element in wage fixing," Mr Bolger said.

"General wage orders issued by the Court would be the main source of wage increases, leaving little scope for negotiations on an industry by industry basis."

This option would be clearly attractive to some, the Minister said.

"However, the Court was unable to survive in 1968 when it attempted to adapt itself to changed economic conditions, and it must therefore be questionable whether it could survive today," he said.

"Moreover, whether any government, these days, would be prepared to transfer an important area of economic management to a third party is a moot point."

If some acceptance of the need for reform did emerge, the consequence was a fairly thorough review of the existing wage-fixing system in order to identify the areas that needed changing, Mr Bolger said.

"In particular, we would need to examine what type of system is consistent with a greater variation in the level of wage increases across industries and occupations, and what implications this has for our existing forms of union and employer organisations."

CSO: 4200/557

COUNTRY 'EDGING OUT' JAPAN, ITALY AS ALUMINUM PRODUCER

Wellington THE EVENING POST in English 12 Apr 83 p 1

[Article by Brian Woodley]

[Text] New Zealand is edging out Japan and Italy as a major aluminium producer at a time when prices for the metal are climbing significantly.

New Zealand now produces almost as much aluminium as Japan, and will soon be producing about double that of Italy, as the industrialised nations continue to phase out their high-cost smelting capacity, according to information the Minister of Energy, Mr Birch, brought back from his recent overseas trip.

With its relatively cheap electricity-based energy, New Zealand should once again prove an attractive location for the industry, he said.

Up 50 Percent

Aluminium prices have risen more than 50 percent on the London metal exchange since December, and are expected to continue to rise. This upturn has come about 12 months earlier than had been predicted in several industry forecasts.

Mr Birch told the POST his discussions internationally about the state of the industry had confirmed his own impressions of what was happening.

He said Japan's Minister of Economic Planning had told him that smelting capacity in that country had been deliberately cut back from an annual 1.5 million tonnes to 300,000 tonnes.

"I asked whether that's a permanent cutback. He said he thought it could come back slightly to 500,000 to 600,000 tonnes," Mr Birch said.

Italy, meanwhile, was planning to cut back to an annual 125,000 tonnes.

The Tiwai Point smelter opposite Bluff, when its third potline is brought fully into production by August, will produce 244,000 tonnes a year.

Mr Birch said the problem with the highly industrialised countries was the continuing high cost of oil-based energy.

Not Viable

"It's no longer viable to maintain a large industry," he said.

"They're re-locating to be closer to cheaper, non-oil energy sources."

He said it "makes sense to expand the industry in New Zealand."

Mr Birch did not comment further on potential expansion here, but the international upturn does make it look more promising now than it was towards the end of last year when the proposal for a new smelter at Aramoana, near Dunedin, was shelved.

At that time, worldwide smelting capacity stood at about 16 million tonnes annually, but had been cut back by about four million tonnes through closures and reductions because of a slump in metal prices.

Prices now stand at about \$US1400 a tonne on the London market, up from about \$US900 in December. About two years ago prices were as high as \$US2200 a tonne.

Gradual?

Prices are expected to gradually rise through the rest of this year. According to one industry forecast given to the POST last September, which had predicted an upturn this year, the new demand for aluminium could be fairly short-lived unless the major economies are allowed to go through a period of stable oil prices.

Another sharp increase in the price of oil could seriously disrupt the economic recovery now being slowly achieved.

However, Mr Birch, who spent three weeks meeting officials in several countries on energy-related matters, said oil prices, after being expected in some quarters to fall dramatically, seemed to be flattening out at about \$US29 a barrel--down from the earlier market price of \$US34 a barrel.

The world oil scene is in a delicate state, but predictions now suggest that prices could begin rising in line with the world economic recovery.

Plans for the Aramoana smelter fell through last year when the main overseas company in the joint venture, Pechiney, of France, could not reach agreement with the Government on a package involving the price of electricity to be charged.

Revival

It was always on the cards that the project could be revived, however, when the industry picked up, and Mr Birch said as much when interviewed by the POST in early February.

Officials from Fletcher Challenge, the New Zealand sponsors of the project, could not be contacted today for comment on the current status of the Aramoana proposal.

Meanwhile, Comalco's Tiwai Point smelter is continuing to bring in gradual commissioning of its third potline, and this should be fully in production as scheduled by August.

CSO: 4200/557

FOREIGN CASH POURS IN ON WAVE OF CHEAP LOANS

Auckland THE NEW ZEALAND HERALD in English 31 Mar 83 p 1

[Text] Private overseas borrowing rocketed to nearly \$1 billion during the past 12 months, contributing to a change in domestic monetary conditions described as the most dramatic in 30 years.

It seems the massive influx of borrowed funds was a major reason for recent Government measures to soak up excess liquidity in the economy.

And the private borrowing has added to the country's total foreign debt, which recent estimates have put at \$15 billion.

Official figures are expected to show that in the year to the end of February the inflow of funds borrowed privately overseas by companies and state corporations reached \$980 million.

In the 12 months to March 7 last year, the net inflow of private capital was a mere \$51 million.

Continuing

In the 1981 calendar year \$38 million in privately borrowed funds was brought into the country; last year the figure was \$850 million.

Much of the cash recently imported was associated with the major energy projects, and that type of borrowing is expected to continue.

Gamble

But many millions are believed to have been raised by a large and increasing range of firms seeking to capitalise on moderate interest rates being charged overseas.

The firms have apparently had little difficulty obtaining approval under the overseas investment regulations to borrow offshore.

Applicants have to prove only that their loan will be for not less than 12 months; that they will not be paying excessive interest; and that repayments will be on prearranged terms.

They have apparently been prepared to gamble that exchange fluctuations involving the New Zealand dollar, including devaluations, will not erode the advantages of borrowing externally.

The relative ease with which approval has been obtained has prompted some speculation that the foreign investment regulations will become another target in the Government's attempt to restrain the availability of credit internally.

One source said yesterday that tightening the criteria for approving overseas borrowing was an obvious option open to the Government if it wished to further control liquidity changes.

#### Quite Rapid

The cash inflow which the Government may be tempted to stem helped to dissolve last year's credit squeeze and reached its highest-ever level over the past six months.

At least \$600 million is believed to have come in during that time.

As one commentator put it: "That changes domestic financial conditions quite rapidly."

Companies which had borrowed the money would have spent it internally or temporarily reinvested it--either way channelling their loans into the local financial system.

#### Credit Boom

Their actual borrowing may have been much greater than the figures reveal, because the statistics do not reveal loans raised offshore and used to purchase foreign equipment and engineering components.

Economists say there were other factors which brought about the credit boom which the Prime Minister, Mr Muldoon, has tried recently to end.

The October tax cuts injected about \$450 million into the economy and would have eased credit conditions by themselves.

But private borrowings turned the tide into a flood.

The chief economist of the Reserve Bank, Mr Peter Nicholl, said the change in monetary conditions was certainly unprecedented in the past decade.

#### Modest Rates

He added: "And I think it would be fair to say there has been nothing like it in the past 30 years."

Other sources attributed the rapid growth in overseas borrowing to modest interest rates being charged in, say, Japan, where loans might attract only 4 per cent or 5 per cent.

With interest rates of around 15 per cent in New Zealand, foreign borrowing looked even more attractive.

Firms would be wary of exchange rate changes, but the recent devaluation might not have worried them unduly.

Some devaluation was widely anticipated and, when it came, it was smaller than some had expected.

On the possible tightening of foreign borrowing regulations, one authoritative source said the cash inflow "has not escaped notice."

But it might not be necessary for the Government to act--and run the risk of impeding development--if local interest rates dropped and reduced the advantage of borrowing overseas.

CSO: 4200/557



INFLATION 'ALMOST ONE-FIGURE'

Auckland THE NEW ZEALAND HERALD in English 31 Mar 83 p 1

[Text] Press Assn, Wellington

The Consumer Price Index due out in about three weeks will show an increase of below 2 per cent for the first three months of this year, predicts the Prime Minister, Mr Muldoon.

And a similar rise in the second quarter "will bring us very close to single-figure inflation..." he told the Upper Hutt Chamber of Commerce yesterday.

Mr Muldoon said New Zealand would most certainly have a single-figure level for the first half of 1983 converted into an annual rate.

He said it was significant that food prices had shown very little movement in the second half of last year, as a result of the wage-price freeze and competition.

Confidence

Mr Muldoon said that although there may still be a small element of increased housing costs in the first quarter's figure, his confidence that it would be below 2 per cent was buttressed by the fact that food prices were still at a very stable level.

Repeating that single-figure inflation was vital in terms of New Zealand's economic management, the Prime Minister said: "Long term we cannot have a low level of unemployment without getting our rate of inflation down to figures that are comparable with those of our major trading partners.

"As inflation diminishes our whole interest rate structure must diminish with it, and the benefit of that, at least, will be universally accepted."

Mr Muldoon said whether there would be an extension of the wage-price freeze, as suggested by employers, farmers, chambers of commerce, retailers and manufacturers, would depend on the continuing tripartite wage-fixing negotiations.

Welcome Option

"It is certainly an option that has to be considered and, I believe, an option that would be welcomed by many thousands of New Zealanders."

Repeating why he had rejected the Federation of Labour's demand for an all-round \$20-a-week wage rise, Mr Muldoon said he had no direct evidence that those on lower incomes were being hard hit by the freeze as had been claimed.

"And indeed, the impact of the tax reductions which came in on the first of October last is such that it appears likely that any reduction in the purchasing power of after-tax wages over the year of the freeze is likely to be of the order of 1 to 2 per cent at the most."

CSO: 4200/557

## EASING OF TRADE BARRIERS SOUGHT

Wellington THE EVENING POST in English 31 Mar 83 p 5

[Text]

The world's industrial leaders — the United States, Japan, and European nations, must apply themselves more to dropping trade barriers, the Minister of Overseas Trade, Mr Cooper, said yesterday.

But it must also be recognised that these nations have their problems too, particularly unemployment, Mr Cooper said in an interview.

Speaking after a meeting with a top General Agreement on Trade and Tariffs (Gatt) secretariat official, the Minister said trade protectionism was linked with the problems of the world monetary system.

At the meeting with the director of the economic research and analysis, with Gatt, Dr Jan Tumlir, Mr Cooper said he and the Minister of Trade and Industry, Mr Templeton, had stressed that New Zealand was playing its part.

"We did our best to impress on him that as a trading nation New Zealand was not just saying that everyone else should reduce protectionism without doing anything ourselves.

### Studies

"We are doing it progressively, and others

should too, especially those with strong economies."

Mr Cooper linked the Industries Development Commission's studies of various industrial sectors with New Zealand playing its part. The studies would enable the country to identify inefficiencies and make the economy more competitive.

### Problems

He said there were immense problems associated with reducing trade barriers that could not be looked at in isolation. It had to be recognised that the European Economic Community countries had problems, as did the United States.

"But there must also be some recognition that the world industrial leaders, the EEC, the United States and Japan, must in concert apply themselves with a greater degree of diligence to progressively drop their trade barriers."

Increased and freer trade would improve the outlook of countries still gripped by the recession.

Mr Cooper said countries should use the comparative advantage yardstick which involved them producing what they did best, exporting it, and buying what other countries produced best and most economically.

## FARMERS FACE BLEAK FUTURE

Auckland THE NEW ZEALAND HERALD in English 31 Mar 83 p 3

[Text]

## Gisborne

Down at the Matawhero saleyards yesterday, farmers from the Gisborne area were talking hard about hard times to come.

There were stories of cracks in the soil big enough to fit a hand in; of emaciated cows selling for next to nothing; and of a drought that has been the worst any farmer there could remember.

Those who escaped the worst of the drought say it could take up to six years to recover from its effects. Others — those on the 600 farms in the region who face the risk of insolvency — may never recover.

The last rain of any note fell in the district last November.

Every month since then the situation has worsened and now the estimated cost of the East Coast drought runs to anything from \$100 million to \$200 million.

"The land has become so dry and parched that even the crickets have to take a

"cut lunch with them," one farmer joked. "How do you expect a cow to survive?"

About 18,000 steers and heifers have been sold at the Matawhero saleyards during the past two days, by farmers who virtually had no other choice. It was the biggest sale in recent years.

## SPIRITS

They have lost money as a result, but in spite of that were in reasonably good spirits yesterday as the cattle fetched good prices from farmers more fortunate than themselves in the Manawatu, Waikato and Auckland regions.

Response to the sales has been excellent, farmers say. On Tuesday the saleyard was so packed the catwalks were close to collapse.

## RAIN

Yesterday, as the drought-inflicted sale continued, rain fell spasmodically, but farmers were not optimistic about how long it would last.

One — Gisborne farmer, Mr Owen Bartram, estimated he would lose up to \$80,000 this year as a result of the drought.

"It has been very depressing in many ways. A lot of thinking has had to go into what sort of moves to make, with very little reward."

Farmers were using all the measures they could to save their

cattle from the ravages of the drought, he said.

"But if it gets any worse, we will have to think about cutting the heads off them."

There have already been several reports of farmers being forced to kill stock themselves.

Mr Bartram said his land was in a bad state and, if it rained too hard, he faced the problem of erosion.

## RETURN

He has sent 350 of his breeding cows to graze in Taranaki. They will probably return in October.

The rest will either be sold, killed or, if he is lucky, remain with him.

But if the situation gets any worse, he could be left with six bulls and a mob of ewes.

"I will probably have to go into debt and that's that."

Mr Bartram said he was not one of the worst-affected farmers.

Other farmers talked not so much of the five-month drought but of its long-term effects.

## CRUCIAL

Mr Fred Davies' farm, in the high country behind Tolaga Bay, is suffering 60 per cent pasture damage. But he said it was the long-term effects that were the most disconcerting.

"Gisborne has been considered one of the crucial breeding grounds in the country," he said. "This drought is going to have a dramatic effect on that."

For all the farmers in the region things have now become a matter of waiting to see what the weather brings.

NATURAL GAS STRIKE IN ONSHORE WELL

Auckland THE NEW ZEALAND HERALD in English 9 Apr 83 p 1

[Text]

**An onshore gas strike in the Kaimiro 1 well in Taranaki was reported yesterday by Petrocorp Exploration Ltd.**

Gas flares above the well at Egmont Village near Inglewood revealed a test rate of 3,300,000 cubic feet of natural gas a day from a reservoir zone deep down at 3600 metres.

The general manager of Petrocorp Exploration Ltd, Dr T. R. Haskell, was reticent about whether the well would be commercially viable.

Asked whether the well was commercial he replied: "That is basically what the tests aim to prove."

Tests have also showed a field of condensate, a light crude oil which accompanies gas, although Petrocorp

did not reveal a daily flow rate.

But in a brief statement, the company said 900 barrels of condensate has been accumulated over the test. This has been sold to Mobil Oil New Zealand Ltd for shipment to the Marsden Pt oil refinery.

Tests will continue for a further three weeks.

Industry sources said the well was producing at a similar rate to the original test production from Kapuni well of about three million cubic feet a day.

But the Kaimiro geological structure is known to be much smaller than the Kapuni structure.

The latest gas finds are believed to be in the same Kapuni sandstone layer as the Kapuni field and the big offshore Maui field

CSO: 4200/557

INFLATION, EMPLOYMENT SITUATION FORECAST

Wellington THE EVENING POST in English 5 Apr 83 p 1

[Text] INFLATION will fall slightly, to an annual rate of 12.5 percent by March next year, the NZ Institute of Economic Research forecasts in its latest "Quarterly Predictions" publication.

This is below the expected rate of 15.6 percent for the financial year just ended, but is short of the single-digit figure the Government is trying for. The institute says this implies "that a resolute Government will be making some policy changes."

The institute also predicts that a 5 percent general wage adjustment will follow the end of the price freeze in June, with a further 10 percent increase in award negotiations towards the end of this calendar year.

Employment would continue to worsen, with the average level of unemployment and hours worked declining slightly on current figures.

In an overview of the economy, qualified by the statement that forecasts were based on current Government policies, the institute said:

The deficit could reach \$3000 for the 1983-84 year, as a result of reduced tax rates and sharply increased Government financial transfers. At the same time, the Government's borrowing requirements would rise to \$3215 million — 20 percent of general Government outlay — to pay for development of the Think Big projects.

Looking ahead to the 1984-85 year, the institute predicts the

economy will be in a more depressed state than it forecast three months ago. It predicts a GDP (Gross Domestic Product) growth of 3.5 percent, an inflation rate of 13.5 percent, and an external deficit of \$1700 million.

"The sharp economic contraction, which began in the early part of 1982, is expected to continue through to the middle of 1983.

"By the end of this year, the effects of the upturn in the world economy, reinforced by some benefits from the March 1983 devaluation and the expansionary effects of the large government deficit, will lead to growth in the New Zealand economy.

"Production for the March quarter 1984 will be higher than a year earlier. Nevertheless real output (GDP) for the 1983-4 year will be one half a percent below that for the 1982-83 year, as a consequence of the sharpness of the contraction."

Policies to hold down inflation would continue to have a major influence on the economy.

"Later in 1983 we expect post-freeze recovery of margins, the Government's own raising of indirect taxes and charges, and the effects of the devaluation and the assumed wage rises, compounded by the looser liquidity conditions to result in a much higher inflation rate," the institute said.

The budget deficit was expected to reach \$2100 million in the year just ended, or \$270 million more than forecast in the 1982 budget.

GOVERNMENT 'FAILING TO RECOGNIZE' KEY PACIFIC ISSUES

Wellington THE EVENING POST in English 11 Apr 83 p 4

[Text]

New Zealand is failing to recognise the key Pacific issues of independence and the need for the region to be nuclear free, according to the director of the Vanuatu Pacific Community Centre, Mr Rex Rumakiek.

And a continued lack of involvement will result in bloody independence struggles, starting in New Caledonia next year, he says.

Mr Rumakiek claims violence could be avoided if New Zealand and other dominant Pacific countries actively encourage France to proceed with independence plans for French Polynesia.

Mr Rumakiek is in New Zealand for a two-week speaking tour as part of Corso's Free Pacific appeal.

While here he has been criticised by the Minister of Foreign Affairs, Mr Cooper, for saying this country is ignoring Pacific issues. Mr Cooper said Mr Rumakiek should "do his homework before mouthing ill-informed comments about current policy."

Mr Rumakiek said today that the Pacific was highly appreciative of New Zealand's development and environmental aid.

But support needed to stretch further to cover the political issues being faced in the region. This included more active support for a nuclear-free Pacific.

He claimed this country made statements of opposition to nuclear dumping and testing in the area at the Pacific Forum conference, "but never openly supported the campaign for a nuclear-free Pacific."

The Vanuatu Pacific Community Centre, where Mr Rumakiek works, was set up to organise international support for "liberation struggles" in New Caledonia, French Polynesia and Irian Jaya (West Papua).

A West Papuan, Mr Rumakiek spent more than two years with the Fighters to the Free Papua Movement in the jungles of West Papua resisting the Indonesian Army.

CSO: 4200/557

## FEDERATION OF LABOUR ISSUES ANNUAL REPORT

Christchurch THE PRESS in English 4 Apr 83 p 1

[Text]

PA

Wellington

Last year was a year of sustained attacks on the trade union movement, according to the Federation of Labour's annual report.

The report, which will be presented to the annual conference in Wellington on May 3, comments on the need for an alternative economic strategy.

"The link between a cut in workers' living standards and attacks upon their organisations is very obvious and is a tactic that has many historic precedents," it said.

Nazi and fascist regimes grew out of economic crisis.

"The destruction of trade unions was an early policy plank in Germany and Italy in the 1930s," the report said.

"If we do not respond in a way that unites workers around a positive response to the economic crisis, then it is not inconceivable that those same workers will be united behind a negative response, spearheaded by the potential Blackshirts of this society."

The report was adapted by the federation's national council at its meeting in

Wellington in February. The subject of dictatorship was included in the remit paper for the conference. A remit from the Wellington Caretakers and Cleaners' Union refers to the fact that 1983 was the fiftieth anniversary of Hitler's accession to power in Germany.

It said Hitler assumed power in an environment of severe unemployment and hysteria about Bolshevism.

"The conditions which gave rise to Hitler, which led to the whole world being involved in a bloody and horrendous war for six years, are similar to today's conditions," the remit said.

Because of this, the demand for world disarmament and peaceful co-existence was more urgent.

Another conference remit, put forward by the Electrical Workers' Union, said all funds collected for workers involved in disputes should be paid in full to those workers. The remit refers to the \$829,062 collected in 1980 to assist the striking Kinleith workers. Administration of the \$178,581 not spent in connection with the dispute was handed to the federation's executive by the 1981 conference.

The federation's audited

statement of income and expenditure for the year ended December 31, 1982, showed that \$46,000 from the Kinleith capital account was transferred to general funds last year to offset costs in the campaign against the wage freeze.

The audited statement of accounts will be considered by the conference.

A paragraph from the forty-sixth annual report said: "The national council meeting in November authorised expenses associated with the campaign, of up to \$46,000, to be met from the F.O.L. special fund moneys not invested."

The report also devoted attention to the Marsden Point oil refinery expansion project disputes last year.

On the Government's threat to invoke the powerful provisions of the Public Safety Conservation Act, 1932, at Marsden Point in November, last year, the report said: "The fact that the Government was prepared to go to such lengths and threaten a major confrontation with the trade union movement throughout the country, must be a matter of serious concern to all citizens of New Zealand."



BRIEFS

**EXPORT CARGO INCREASE**--Cargo handled for export by New Zealand ports in January 1983 increased by 23 percent over the same period last year. In January 1982 542 thousand tonnes were handled with a value of \$516.2 million and this year it had increased to 665 thousand tonnes valued at \$517 million. The figures, released yesterday by the Statistics Department, also show imports for January 1983 totalled 525 thousand tonnes with a value of \$446.8 million. Because of conceptual changes in the way import cargo is compiled the department was not able to show direct comparisons with January last year. The major ports handling exports--in weight terms--were Waverley and Taharoa, the iron sands ports, who loaded 193 and 106 thousand tonnes respectively. In terms of value of cargo loaded the port of Auckland with \$120.7 million and Wellington with 87.9 million headed the list. The highest South Island port by value was Port Chalmers with \$55.0 million. In import tonnage Tauranga came tops with 162,000 tonnes followed by Auckland with 116,000 and Whangarei with 104,000 tonnes. [Text] [Wellington THE EVENING POST in English 31 Mar 83 p 5]

**DIPLOMATIC RELATIONS WITH LIBYA**--New Zealand has established diplomatic links with the radical Arab state of Libya. The Minister of Foreign Affairs, Mr Cooper, said today that Libya had asked that its charge d'affaires in Canberra, Suleiman Oreibi, be cross-accredited to New Zealand, and the Government had agreed. Mr Oreibi visited Mr Cooper this week, the first Libyan Government official to do so. New Zealand has no intention of establishing a diplomatic mission in Libya because of the cost, Mr Cooper said. "We do not trade a lot with the Libyans, and I cannot prophesy that trade will increase significantly, but I would hope that the private sector would take advantage of the opportunity. They are interested in us supplying live sheep. I would like to see us exporting live sheep, not to somewhere as close as Australia, but certainly to the other side of the world. I think we must look at trade opportunities wherever we can." Libya is a hard-line pro-Arab and anti-American state, but Mr Cooper said that New Zealand had diplomatic links with many countries of differing ideologies.--NZPA. [Text] [Wellington THE EVENING POST in English 7 Apr 83 p 1]

**VANUATU CRITICISM DISCOUNTED**--The Government has attacked the Vanuatu Pacific Centre's co-ordinator, Mr Rex Rumakiek, for saying it ignores Pacific issues. The Minister of Foreign Affairs, Mr Cooper, said Mr Rumakiek, who is visiting New Zealand, should "do his homework before

mouthed ill-informed comments about current policy." His visit here is being sponsored by Corso, the Federation of Labour, the NZ University Students' Association, and church bodies, and is drawing attention to liberation struggles in New Caledonia, French Polynesia and West Papua, as well as nuclear issues. Mr Cooper said in a statement: "When one looks at some of the sponsorship organisations, one wonders whether there is a deliberate political campaign to misinform visitors." Mr Cooper said no serious observer of New Zealand policy could fail to recognise the depth of New Zealand's commitment.--NZPA. [Text] [Wellington THE EVENING POST in English 9 Apr 83 p 2]

CSO: 4200/557

SOMARE ANGERED BY MINE EVACUATION

Sydney THE SYDNEY MORNING HERALD in English 4 Mar 83 pp 1, 4

[Article by Peter Hastings]

[Text] The evacuation of nearly 200 women and children, mainly American, from the Ok Tedi gold and copper mine site in Papua New Guinea has gravely worried the PNG Government.

It believes the action is not only unwarranted but also likely to affect foreign investment.

The Prime Minister, Mr Somare, is furious at the action of the Ok Tedi Mining Limited company and its failure to consult the Government before making the decision.

The women and children are mainly dependents of Bechtel-MKI technicians working on the construction phase of the \$1.6 billion mine in PNG's Ely River Province near the Irian Jaya border.

The general manager of Ok Tedi Mining Limited, Mr Irwin Newman, told the HERALD from Melbourne last night that following the dispatch of "adequate" police coverage to the affected centres of Kiunga and Tabubil he was arranging for the return of the evacuees as soon as possible.

Last night the Deputy Prime Minister, Mr [name illegible] Wingte, described the decision to evacuate the women and children as a "knee-jerk reaction" to "exaggerated unrest."

The evacuees were flown to Port Moresby on Wednesday morning by company order. The evacuation was made because of alleged danger to white workers and dependents following the stoning of a company mess room, erecti road blocks, frequent tyre slashing, stealing of police car keys, and a blockade of the airstrip by local clansmen and about 200 school-leavers protesting about a lack of jobs and job discrimination.

Sources close to Mr Somare say he was "flabbergasted" by an action which he regarded as "unnecessary and over reactive." In an official statement he expressed "concern" at the company's action.

He spoke privately and at length to the Australian High Commissioner, Mr. Bob Birch, in Port Moresby, and to the New Zealand High Commissioner and

American Ambassador. He expressed concern that news of the evacuation would harm Australian and overseas investment.

He is believed to have told them that his principal distress centred on the failure of OK Tedi Mining Limited (OTML) to consult him before ordering the evacuation.

The Prime Minister believed that if he or the Government had been consulted he would have been able to send the extra police sought by OTML without the damaging publicity caused by the evacuation.

His advisers have also pointed out that whatever threat existed was aimed at Papua New Guinean workers, not foreigners or Europeans.

Mr Somare believes that the evacuees, who have caused an acute shortage of hotel rooms in Port Moresby, should return to Kiunga and Tabubil as soon as possible.

OTML, a giant consortium comprising BHP, the PNG Government and a group of West German companies, has run into various management problems over the past two years, including that of race relations, so too has the giant North American multinational, Bechtel, the prime contractor in the Ok Tedi construction phase.

Bechtel, in charge of construction, has its own views on who should be employed on mine development and, in the words of a PNG Government official, "marches to its own orders." Its employees, mainly Americans, have worked in Bolivia and other parts of the world and expect violence of a sort unknown in PNG.

But not all the problems are of OTML's making. The PNG Government has been slow to act in matters of community services — education, health and social welfare — due mainly to Cabinet indifference and bureaucratic ineptitude. This has con-

tributed considerably to the simmering resentments surrounding mine activities in the past two years.

A major element in the Ok Tedi agreement is the maximum incorporation of local people in the mine site workforce and in associated development.

Of the workforce of about 4,000 about 1,000 are Australians, Americans, New Zealanders, Filipinos and Koreans. The remaining 3,000 — expected to be 3,800 next year — are Papua New Guineans but mainly from other parts of the island, including Bougainville.

The local clans people maintain that they have not been integrated into the workforce, that opportunities for training are few and that even the drivers of trucks, bulldozers and cranes are Filipinos or other foreigners.

Mr Newman told the Herald that he had ordered the evacuation in the interests of the safety of dependants of foreign staff working on the Ok Tedi project.

"As you know we have had industrial problems before, mainly of the straightforward industrial dispute type. What happened last week and on the weekend was different.

"People were under threat, vehicles couldn't move, tyres were slashed, aircraft were immobilised because they rolled stones and drums on to the strip.

"Our intelligence was that following the attack on the mess hall and company housing that there would be force trouble today and even worse trouble next Sunday.

"Now that's okay if you are used to it. But it's my belief that workers who fear for their dependants' safety are likely to do thoughtless things.

"I know that nationals are likely to attack nationals first and Europeans last but I nevertheless had their safety to account for.

"The plain fact of the matter is that police protection was inadequate; two men at Tabubil and 10 or so at Kiunga. There was no

prospect of getting more police into the area and it was my judgment that these dependants would be at risk in the situation we saw developing. I therefore ordered their evacuation.

"Now that the Minister for Provincial Affairs, Mr John Ninkare, has arranged for the provision of two mobile squads, each of 35 men, with their own transport I am arranging to repatriate the women and children.

"We need police protection and the company is prepared to find accommodation for them. We need at least 100 police in the area, maybe 200.

"Now, as to the problem, I know what's at the bottom of it. It is the perception of the locals that not only do they not have the jobs of foreigners but also they don't have the jobs of other Papua New Guineans.

"They don't have them because they don't have the skills. It takes a long time to train truck and bulldozer drivers and crane operators.

"We are in fact above the numbers of local employees agreed to with the PNG Government and we have 70 or more apprentices in training.

Was OTML as far ahead with local training as Bougainville Copper as a comparable staff?

"To be honest I don't know. But you should remember that Bougainville Copper was able to call on a reservoir of Bougainville plantation labour, educated labour, which has no counterpart in the western border area which is pretty backward," Mr Newman said.

"Anyway we can only go on doing our best. We need the police and that may settle things, stop the violence and calm people down. We shall just have to see."

Did he agree with the remark of Mr Warren Dutton, the local member for North Fly electorate — in which Ok Tedi is situated — that the company had deliberately ordered the evacuation to get satisfaction on the question of more police?

"I'm not saying," Mr Newman replied, "but if it has resulted in more police I'm not complaining."

PRESIDENTIAL AUTHORITY OVER EXECUTIVE COMMITTEE, PRIME MINISTER STRESSED

Leadership Structure Clarified

Manila BULLETIN TODAY in English 23 Apr 83 pp 1, 8

/Article by Vic Foz/

/Text/ Despite the emergence of the prime minister and the Executive Committee in the Philippine political structure, the President continues to wield the executive powers of government.

Constitutional experts pointed out that although there has been a modification in the country's political system under the new Constitution, the authority of the President remains intact both as chief of state and head of government.

This means that the prime minister and the Executive Committee--a unique leadership group which helps run the government on a day-to-day basis--as well as the Cabinet, remain subordinate to the President.

Legal authorities defined the nature and scope of the powers of the President, the prime minister, the Executive Committee and the Cabinet because of questions which have arisen as to the extent of their authority, functions and responsibilities.

The issue was prompted by certain actions made by the Executive Committee and the Cabinet which are both headed by the prime minister, without consulting the individual members or without the approval of the entire membership of both bodies.

During the last caucus of the ruling party, some members raised the information that some economic and financial decisions of the Executive Committee and the Cabinet appeared to be anchored on the views of a few. Such decisions, they said, sometimes represent alterations, even reversals of established national policies or government programs without presidential approval.

Adding to the confusion is the mistaken allusion by certain members of the bureaucracy and by some foreign governments and the media, to the prime minister as the "head of government."

Based on the mandate of the Constitution and on numerous jurisprudence, the President remains the chief executive, thus negating the view that the prime minister, acting either singly or as chairman of the Executive Committee or head of Cabinet, as "head of government."

In fact, the prime minister is subject to the nomination of the President and members of the Executive Committee are likewise designated, and the Cabinet members appointed by the President. Therefore, they are all choices of the President and they may be removed at his discretion.

The 1973 Constitution, as amended in the April 7, 1981 plebiscite, clearly states in Section 1, Article 7, that "The President shall be the head of state and chief executive of the Republic of the Philippines."

To emphasize the President's powers as chief executive, the Constitution provides that he shall have "control" over the ministries as distinguished from the prime minister's function of "supervision" over them.

The charter further provides that "the President shall formulate the guidelines of national policy" and that the presidential powers inherent under the 1935 Constitution which are not conferred upon any official shall be vested in the President, unless provided otherwise by the Batasang Pambansa.

In turn, the duties and responsibilities of the prime minister are further defined by Executive Order 708, promulgated on July 27, 1981, which states that he will be merely assisting the President in the exercise of his powers and functions.

The Supreme Court likewise has made an emphatic interpretation of the authority of the President as well as that of the prime minister, the Executive Committee and the Cabinet.

Speaking through Chief Justice Enrique Fernando, the Court ruled that the prime minister is primarily "a presidential choice" and that the duration of his term "depends on the presidential pleasure, not on legislative approval or lack of it."

Of the President, the high tribunal said "he continues to be the Executive, the amplitude and scope of the functions entrusted to him in the formulation of policy... The Prime Minister can be of valuable assistance indeed to the President in the discharge of his awesome responsibility, but it is the latter who is vested with powers."

The chief justice also categorically stated that "the adoption of certain aspects of a parliamentary system in the amended Constitution does not alter its essentially presidential character."

Even a decision several decades ago of the Supreme Court penned by the late Justice Jose P. Laurel pinpoints presidential authority by stating that "with reference to the Executive Department of the government, there is one purpose which is crystal clear and is readily visible without the projection of judicial searchlight, and that is, the establishment of a single, not plural, Executive."



## Virata's Role in Power Structure

Manila PHILIPPINES DAILY EXPRESS in English 24 Apr 83 p 4

/From Teodoro F. Valencia column "Over a Cup of Coffee"/

/Text/ The PNA story that the powers of government reside in the President only, was not necessary. Nobody doubted it, at least nobody who is not in the top echelons of government. The inference in the Malacanang release is that Prime Minister Virata and his Executive Committee exceeded the exercise of powers delegated to the Committee and the Prime Minister. If so, people are now curious in what spheres of action those excesses were committed. This is one explanation that has provoked questions instead of answers.

If bureaucrats and foreign governments have indeed mistaken Virata to be the head of government, whose fault was it? Too often, Virata had been pictured as the main action officer of the government when it was convenient to do that. Now, it is Mr Virata who should feel relieved. They may no longer blame him for anything from here on.

It was not necessary to say that Virata enjoys a tenure at the pleasure of the President, not of the Batasang Pambansa. Nobody in this country ever doubted that either. Everybody knows what powers the Batasang Pambansa can exercise. If anybody thought that the Batasang Pambansa can do what the President does not indicate, he must be a foreigner.

The clarification by PNA will help Prime Minister Virata. He will no longer be pestered by requests from politicians since it is now clear that he cannot make decisions unless they are first cleared with the President.

CSO: 4200/582

MARCOS REPLIES TO EDITORIAL ON PRESIDENTIAL CONFINEMENT ORDER

Manila BULLETIN TODAY in English 25 Apr 83 pp 1, 16

/Text/ The Bulletin Today is publishing the following handwritten note sent by President Marcos to the editor, Ben F. Rodriguez, commenting on our editorial on April 24 "Duration of a Conflict."

Dear Ben,

In your Bulletin editorial today, you charmingly and with some sophistication raise the question of the "duration of the conflict" as the test for the exercise of the emergency powers granted to the President by the Constitution.

The more acceptable test is the danger posed to the state or its internal stability. And irrespective of the plans of government to terminate the conflict the subversives or rebels will always call the shots, whether such subversives are the armed men in the jungles or the infiltrators enjoying the amenities and luxuries of our society.

You say the problem is intractable. The problem is there, but for one thing it is not so bad that it has to be met with the proclamation of martial law. This is quite a difference, you know, not only to a lawyer.

You ask how long the suspension of the privilege of the writ of habeas corpus will last. Under the law, the moment anybody commits rebellion, sedition, subversion or crimes against the security of the state, the privilege of the writ of habeas corpus is suspended. So it is not up to me or the government. It is up to the terrorists and subversives.

In a roundabout way, it has been asked in a rhetorical manner, how soon will the effects of martial law last? When will it be terminated?

Rhetorical because it actually seeks to influence the President to terminate the emergency powers provided for by the Constitution. It seeks to tilt the balance of rationality in favor of its position.

Specially since it is simultaneous with the rallies and demonstrations and various speeches, speeches not necessarily restrained condemning the arrest of Mayor Pimentel of Cagayan de Oro and Bulletin Union President Antonio Nieva much publicized by the Bulletin.



It uses argumentum ad hominem to support its position.

Some political advisers recommended temporary release of the prisoners as a matter of political expediency.

But a man, specially a President, must learn to stand on principle. Certainly it is everyone's desire to be pleasant to everyone and to do everybody some kind of favor. It would be the easy way out of the dilemma to pander to the passions of the mob or the crowd.

But who will then teach our people that justice is not best served by demagoguery or the hysterics of the mob in demonstrations--that the trial in court of persons accused of violation of the law is the sacred means to determine innocence. We as Filipinos are much too inclined towards submitting to the passions of the moment. There are times when the President must shrug off coercion or intimidation.

He must deliberately define his principles and proclaim not just once but again and again his loyalty to them.

He must communicate this to the people including those gathered as an unruly mob. But he cannot give ground. To do so would be a moral error--a fatal one.

If need be, he must stand alone, when in conscience he knows he is right. This is the mark of the true leader.

In these cases, the President is sworn under the Constitution to execute the law. Whether the law violator is a canonized hero or a villain, the President must perform his sworn duty. If he cannot then it is time for him to accept the disgrace of resignation as an impotent executive.

Sincerely, (Sgd.) Ferdinand E. Marcos

CSO: 4200/582

ENRILE CITES U.S. PLEDGE

Manila BULLETIN TODAY in English 24 Apr 83 pp 1, 13

[Text]

Defense Minister Juan Ponce Enrile said yesterday the United States has assured that "specific and actual forces would come to the aid of the Philippines in the event of certain contingencies defined in our mutual defense plan."

Enrile disclosed this in a speech at the national convention of the Philippine Jaycees Senate in Angeles city.

"The US role in the defense of our country," Enrile said, "is based on the concept that they will provide the naval and air power that is needed to repel any form of aggression against our country, as defined in our mutual defense plans."

Under such plans, combined areas of op-

eration are clearly delineated, showing where the Philippines or the United States will spearhead the main defense effort, Enrile said.

He said that the defense plans have been put to actual test in various joint military exercises. An example, he said, is "Exercise Balikatan-Tangent Flash" which will commence next week and involve a large number of American and Philippine forces.

Enrile said the defense plan is purely defensive in nature.

He emphasized the security alliance threatens no one, does not trespass upon the lawful interests of other nations or threaten the security of others, but only aims to promote an equilibrium of power in the region that can safeguard lasting peace.

**BALWEG SAID TO TAKE COMMAND OVER NPA EASTERN FRONT**

Manila PHILIPPINES DAILY EXPRESS in English 25 Apr 83 pp 1, 6

[Article by Mel Parale]

[Text]

**REBEL PRIEST** Conrado Balweg, who carries a P200,000 price on his head, has taken over the command of the underground eastern front operating in Northern Luzon, military authorities said yesterday.

The military has declassified the confession of a captured rebel leader who also disclosed details of a power struggle in the NPA hierarchy in the region.

The captured rebel leader was identified as Leonardo A. Alingag, alias Ka Bango, NPA district commander of the eastern front.

**BRIG. GEN.** Alexander Felix, Northcom commander, said his command has also obtained information confirming Alingag's testimony that the power struggle in the NPA eastern front has led to a shakeup of the NPA regional party.

Alingag told investigators that Balweg's takeover of the NPA regional eastern front command was part of the regional party revamp.

Alingag, who is from barangay Sumadel of Tinglayan, Kalinga-Apayao, also disclosed other changes in the NPA regional command.

He said Commander Cesar Barona, alias Ka Torong, has taken over the NPA western front, and Commander Ernesto Gara, alias Ka Sungar, the NPA southern front.

Alingag said an NPA assassin, Leumas Rabunillo, alias Judy, former secretary of the NPA eastern front, had been sent to the western front to deliver documents on the rebel cadre movement in the region.

Alingag also admitted his participation in a rebel entrapment at Lubuagan that led Kaunga-Apayao to the ambush-slaying of a military officer.

Alingag also said he took part in two encounters against government troopers recently at Besao, Mountain Province, and Pasil, Kalinga-Apayao where five troopers were killed.

AFP ILOCOS COMMANDER ATTEMPTS DIALOGUE WITH BALWEG

Manila PHILIPPINES DAILY EXPRESS in English 26 Apr 83 p 1

/Text/ Camp Dangwa, Benguet--Brig Gen Victorino Azada, PC-INP Ilocos region commander proposed yesterday an exchange of intermediaries between him and Fr Conrado Balweg, a rebel priest, to hasten their dialogue.

Azada made the proposal in a press conference he called after receiving a new letter, purportedly written by Balweg, pressing for the dialogue.

However, Balweg has insisted that the dialogue be conducted in the Gold Ore, a newsweekly in Baguio, while Azada believes a confrontation is more desirable.

The two had actually been conducting initial dialogues in the newspaper through their open letters.

"I will guarantee that whoever will be officially designated by Fr Balweg as his official intermediary will be protected," Azada said.

He said Balweg must also promise the same guarantee to Azada's personal representative who will initially talk to the rebel priest about the mechanics of the dialogue.

He said once Balweg agreed to a dialogue with him, he would recommend to the Ministry of National Defense to lift the P200,000 reward it had set for the capture, dead or alive, of the rebel priest.

Azada also reiterated the readiness of the Catholic church, represented by Archbishop Federico Limon of the Lingayen-Dagupan archdiocese, to mediate in the proposed dialogue.

Earlier reports said that the rebel priest had taken over the command of the underground eastern front operating in Northern Luzon, military authorities said yesterday. (PNA)

CSO: 4200/583

OVER 12,000 HOLD PRAYER RALLY FOR ARRESTED MAJOR

Manila BULLETIN TODAY in English 24 Apr 83 p 4

/Text/ Cagayan De Oro City, April 23--Some 12,000 sympathizers, including priests, nuns, housewives, farmers, workers and students sought the release of detained city Mayor Aquiline Q. Pimental, Jr at a prayer rally held here today.

The rally was peaceful. Uniformed police and Constabulary men mixed with the crowd and three fire trucks were on standby.

From the St Augustine Cathedral, the marchers identified by PDI-Laban tags with white ribbons "for peace," walked to the community bandstand, passing through Cogon public market, covering a three-kilometer distance.

The demonstrators carried streamers marked with "President Marcos, please listen to the prayers of the people," "Peace be with You," "Nene (Pimentel) is builder of human values," "Paruganta ang Kagawasan (Let us Stand for our Liberties)," and "Mayor Pimentel, We Love You."

The priests and nuns in white sutanas marshalled the demonstrators while Fr Ernesto Javier, president of the Xavier University read the community prayer.

Former Congressman Antonio Cuenco, a leader of the Pilipino Democratic Party read Pimentel's address to the crowd, some of whom were misty-eyed as they listened.

Mayor Juvenal Puertas (KBL) of Lagonglong, Misamis Oriental, told the Bulletin, "I saw Nene (Pimentel) grow up and I have never seen or heard him figure in violence. He is a peaceful man, I can vouch for him. He is a silent type and a nice friend who deserves his liberty."

CSO: 4200/581

PHILIPPINES

TWO JAPANESE RED ARMY SUSPECTS PROMPT NATIONWIDE MANHUNT

Manila PHILIPPINES DAILY EXPRESS in English 26 Apr 83 p 6

/Text/ Two Japanese nationals, suspected to be members of the terrorist Red Army group, are now the object of a nationwide manhunt by immigration officials after they slipped into the country recently, immigration officials said yesterday.

The suspected terrorists were identified as Sekiko Masui and Norio Hamada.

They are said to be under specific instructions "to contact radical sectors in the Philippines" to consolidate opposition forces here.

The suspects are reported to be affiliated with the Asian Student Association (ASA). The ASA is said to be financed by the Japanese Red Army.

According to immigration officials, last March 28 to April 2, 1983, a number of suspected members of the Red Army attended a seminar of the National Council of Churches in the Philippines (NCCP) at the Ecumenical Center building at E. de los Santos avenue, Quezon City.

The two, agents said, were among those present.

Meanwhile, immigration agents yesterday arrested six Korean nationals for working without the required permits.

The suspects were identified as Il Kang Choi, Buoung Ki Jung, Hio Soon Yin, Jang Bum Lee, Chil Yong Sung and Jel Jung Kim.

Except for Choi, a tourist for 21 days, the Koreans were admitted as temporary visitors for 59 days.

CSO: 4200/583

## ALL PARTIES TO HAVE EQUAL RIGHTS IN 1984 ELECTIONS

Manila BULLETIN TODAY in English 25 Apr 83 pp 1, 17

[Article by C. Valmoria, Jr.]

[Text]

No political party will be accredited in the election for members of the regular Batasang Pambansa in May next year, Political Affairs Minister Leonardo B. Perez said yesterday.

Perez, who is chairman of the Batasan committee on revision of laws, codes, and constitutional amendments, stressed that not even the ruling Kilusang Bagong Lipunan (KBL) will be entitled to accreditation.

This means all registered political parties will enjoy whatever rights and privileges, including block voting, that the new Election Code will extend to the KBL for purposes of the 1984 election.

Perez said an earlier proposal to accredit the Nacionalista party (NP), whose candidate placed second to Presi-

dent Marcos in the 1981 presidential election, had been rejected.

He explained that, although the NP is the most logical contender for accreditation as the second political party, its candidate failed to get 10 per cent of the votes cast in the 1981 poll as required by the Constitution.

The Constitution provides that political parties whose candidates for President have obtained the first and second highest number of votes in the last election, shall be entitled to accreditation if each has obtained at least 10 per cent of the total number of votes cast in that election.

However, if the candidates for President obtaining the two highest number of votes do not each obtain 10 per cent, the

Commission on Elections shall grant accreditation to political parties as may be provided by law.

President Marcos won by a landslide in 1981 and NP second placer Alejo Santos got only 8.4 per cent of the total number of votes.

Perez said the provision granting all registered political parties the rights and privileges of an accredited party even if they are not accredited, as agreed upon in the KBL caucus, will be made part of the proposed Election Code of 1983 as a transitory provision.

The political affairs minister said that the controversial block voting has been misconstrued as a privilege of a political party. According to him, block voting is a voter's privilege. A voter may vote

solidly for a party by writing only the party's name or choose to vote individually for candidates of his choice, he added.

Perez noted that in the 1978 Batasan election, about 62 per cent of the voters availed themselves of block voting. However, in the 1980 local elections, only 17 per cent used this voting system.

He said his committee will be ready to report out the proposed Election Code for approval on second reading when the Batasan opens its sixth regular session in July.

However, since the Constitution provides that the 1984 budget should be given priority during the first 30 days of the session, the code may be taken up by the assembly by August or September.

The sixth regular session will be interim assembly's last session before it bows out to pave the way for the regular Batasan whose members will be elected on the second Monday of May 1984 and every six years thereafter.

PHILIPPINES

VALENCIA NOTES NEW PRESIDENTIAL RESPONSES TO PRESS

Manila PHILIPPINES DAILY EXPRESS in English 26 Apr 83 p 4

/From Teodoro F. Valencia column "Over a Cup of Coffee"/

/Text/ President Marcos has started something new. He has been commenting on newspaper columns and editorials, even new items, in his own handwriting. This way there can be no doubt about whose ideas are in the comments-- definitely not press releases written by the Malacanang press office or any other subordinate of the President. In all the years I have been working as a newspaperman, this is the only time I have seen a President making such comments.

CSO: 4200/583



MUSLIM AUTHORITY APPEALS TO ARAB NATIONS

Manila BULLETIN TODAY in English 26 Apr 83 p 24

/Text/ A Muslim leader appealed recently to Arab nations to deposit part of their money in Philippine banks to help alleviate the economic and social problems of their Muslim brothers in the Philippines.

In a letter to Muslim embassies in Metro Manila, Datu Saripada Ali Pacasum, Malacanang technical assistant on Muslim affairs, exhorted them to call the attention of their home countries about the plight of their Muslim brothers here.

He cited the case of Muslims in Manila who for lack of funds could not rebuild new homes after their enclave in Quiapo burned down recently.

Pacasum was referring to the statement of Mayor Bagatsing that the Manila Muslim fire victims could not be assisted for lack of funds. At least 1,000 families were rendered homeless by the fire that caused P10 million damage.

Pacasum urged rich Arab brothers to deposit a fraction of their resources in Philippine banks such as the Amanah Bank to give Muslim Filipinos opportunities to rehabilitate themselves after similar catastrophes.

He said that the bulk of Arab money is deposited in American and European countries. He said it is the responsibility of rich Arab nations to uplift the economic and social conditions of their Muslim brothers in the Philippines.

Pacasum also said that he would soon submit a detailed plan to President Marcos containing strategies to rehabilitate displaced Muslims in Metro Manila like the construction of economic high-rise condominiums in Quiapo.

He said that the Muslim enclave in Quiapo is very memorable because many foreign visitors like ex-boxing champion Muhammad Ali had visited the congested place.

SECURITIES, EXCHANGE COMMISSION, CENTRAL BANK DISAGREE

Manila PHILIPPINES DAILY EXPRESS in English 26 Apr 83 p 10

/Article by Ray Magallanes/

/Text/ The Securities and Exchange Commission (SEC) disputed yesterday a Central Bank (CB) announcement that only 22 non-bank financial institutions are authorized to accept money market placements or borrow from the public for relending purposes.

Associate Commissioner Jesus J. Valdes said SEC also allows finance companies classified either as exempt issuers or registered as ordinary issuers to engage in money market transactions on a limited scope.

The recent CB statement has created confusion in the financing community that many finance firms were prompted to seek clarification from the SEC as several of their investors have decided to pre-terminate (withdraw prematurely) their placements.

The list released by the CB showed that only 11 investment houses and 11 finance companies are allowed to tap the money market.

Valdes said all the 400 finance companies are authorized to borrow from the public either as exempt issuers or as ordinary issuers.

Exempt issuers do not have to secure a SEC license provided their borrowings are limited to P5 million and from not more than 10 lenders, whether individuals or corporations.

Ordinary issuers can borrow from not more than 19 lenders at two-and-a-half times their equity, or P2.50 for every P1 capitalization, provided they comply with certain financial requirements.

Among others, they are required to maintain an average current ratio of 1.2:1 or current assets of one-and-a-half more than their current liabilities, and an average solvency position whereby total assets must not be less than total liabilities.

Exempt issuers print their own promissory notes (PN) which they issue in exchange for the placements, while the ordinary registrants use CB-printed PN, issued by the SEC.

Unlike exempt issuers, PNs of ordinary registrants are negotiable.

## FIRM PIONEERS INVESTMENT ALTERNATIVE TO COMMERCIAL PAPER

Manila BULLETIN TODAY in English 26 Apr 83 p 22

/Text/

Ayala Investment & Development Corporation (AIDC) recently underwrote the P50.0 million issue of negotiable certificate of deposit issued by the Bank of the Philippine Islands (BPI).

The move signified AIDC's pioneering in the introduction of a new instrument into the domestic market — the NCD, or negotiable certificate of deposit. An NCD is a document certifying that a certain amount of money has been deposited with the bank issuing the certificate.

What distinguishes it, however, from an ordinary time deposit is the added feature of negotiability which allows the owner to sell title to the deposit to

another investor before the maturity date. NCDs were designed to attract medium term investment funds, providing an alternative to the higher-yielding but riskier commercial papers.

Aside from its negotiability, another innovative feature of an NCD is the fact that it pays interest on a floating rate based on the Manila reference rate (MRR) plus a fixed spread. The BPI NCD interest rate for the quarter covering Feb. 1 to May 1, 1983 is 14.93 per cent per annum, based on the MRR of 14.1875 per cent per annum plus an 0.75 per cent fixed spread. The NCD is repayable 25 months after issue date.

BPI NCDs are issued in denominations of P100,000, P500,000, and P1,100,000. Interest is paid in arrears, except for the last interest payment which is made after a month.

Shortly after the BPI NCD underwriting, AIDC arranged, this time for the Far East Bank and Trust Company (FEBTC), a P50.0 million issue of negotiable certificates of deposit which it co-underwrote with the Private Development Corporation of the Philippines (PDCP).

AIDC and PDCP are the exclusive dealers of the FEBTC NCDs. Interest is based on the prevailing MRR plus a fixed spread of 7/8 per cent per annum.

PHILIPPINES

SECURITY, EXCHANGE COMMISSION INVESTMENT STATISTICS REPORTED

Manila BULLETIN TODAY in English 26 Apr 83 p 22

/Text/ Statistics compiled by the securities and exchange commission (SEC) indicated that the investment climate continues to improve.

The initial paid-up investments of 562 domestic stock companies registered with the SEC last month totaled ₱128.5 million, up by 37.7 percent over last February's total of ₱93.3 million.

On the other hand, fresh investments for business expansions increased by 11.7 percent from February's investments of ₱192 million to March's investments of ₱206 million.

Compared with the statistics for the same period last year, the figures, however, showed an opposite and disappointing trend.

The ₱128.5 million initial paid-up investment total was 51.1 percent lower than that of the same month last year. The ₱206 million investments for business expansion were lower by 3.7 percent from that of the same month in 1982.

Investments poured in by newly registered enterprises consisted of ₱114 million which represented the paid-up capital of 447 stock corporations and ₱13.7 million, the combined investments of 115 new partnerships.

The biggest initial investment was provided by Fibertex Corp which is engaged in the manufacture of all kinds of fiber. The firm's initial paid-up capital was ₱10 million.

It was noted that of the ₱9.6 million investment contributed by non-stock corporations, ₱1.3 million represented investments for KKK projects.

The ₱206.3 million investments for business expansions represented the approved capital increases of 50 corporations.

Last month's foreign investments totaled ₱5.8 million which consisted of ₱4 million representing the initial paid-up investments in new companies and ₱1.8 million for business expansions.

CSO: 4200/582

NATION'S FIRST SOLAR ENERGY PLANT OPENS 27 APRIL

Manila BULLETIN TODAY in English 26 Apr 83 p 32

/Article by Jerry J. Lacuarta/

/Text/

**SAN FERNANDO,** Pampanga, April 25—The country's first solar plant in barangay Pulong Sampaloc Doña Remedios Trinidad, Bulacan, will be inaugurated on April 27, it was learned here today.

Energy Minister Geronimo Velasco will be guest speaker during the inauguration of the newly completed ₱20-million solar plant. Government officials, including Filipino and foreign scientists, are expected to attend.

Construction of the plant was started early last year under the supervision of the German Agency for Technical Cooperation, Ltd. (GATE).

The plant, a joint venture between the Philippine and the

German governments, was aimed at providing local power needs.

Bulacan Gov. Ignacio Santiago reported that 75 houses were supplied with electricity when the plant was under trial operations last week.

Rainer Schroeer, GATC consultant, said the plant is equipped with special storage batteries which can generate power for three consecutive days in case it rains.

Schroeer said about 25 per cent of the \$2-million German grant was spent for the construction of buildings and the rest for the purchase and installation of the solar plant.

The plant will also serve as a training center for solar plant engineers in the country.

WATER PROJECTS NECESSITATE NEW GOVERNMENT AGENCY

Manila PHILIPPINES DAILY EXPRESS in English 24 Apr 83 pp 1, 10

[Article by Miguel Genovea]

[Text]

**PRESIDENT MARCOS** pushed yesterday the government's massive water impounding program to check the effects of periodic droughts by harnessing the 48,000 barangays and the local governments.

To oversee and coordinate the program, the President created a new agency — the Water Conservation and Development Administration — to be headed by Administrator Pedro Dumol of the National Electrification Administration as general manager.

Named chairman of the board is the First Lady and Human Settlements Minister Imelda R. Marcos. The other board members are the minister of Local Government, the head of the *Katipunan ng mga Barangay sa Pilipinas*, the president of the League of City Mayors and Governors, the president of the League of Municipal Mayors, the minister of Public Works and Highways and the minister of Natural Resources.

**DISTURBED** by the periodic droughts, especially in the Mindanao area, the President had earlier launched a P500-million program involving the construction of some 3,000 small dams all over the country, the drilling of more artesian wells and the tapping of natural springs and the development of additional communal irrigation systems.

Of the initial funding, P100 million will be spent for the construction of small dams, P100 million for the artesian wells and another P100 million for the communal irrigation systems.

The balance of P200 million will be set aside for the intensive dendro-thermal program that will socialize "slash-and-burn" farmers of *kariñeneros* who will be converted to cultivators and producers of tree plantations and orchards.

**THE INITIAL TARGET** during the first year would be the construction of 10,000 small water impounding dams at a cost of P10,000 each

and the setting up of 25,000 artesian wells.

The President asked each of the barangays to identify the hillsides where to impound water which, he said, will be undertaken on a communal basis.

The President said the materials and technical know-how to go with the dams' construction will be provided by the Rural Electrification Administration and Farm Systems Development Corporation.

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**HE ALSO** said the small dam water impounding program will be a requirement for all forest concessionaires. He said every stream found within a concession or tree plantation areas must have small water impounding structures and its absence will be sufficient reason for cancellation of the concessions.

The President said the dams would conserve water during the rainy season and allow its use during the dry season with the use of side water outlets.

## BRIEFS

**EXPORT PROJECT APPROVED**--The Board of Investments (BOI) has approved the P27.2-million existing plywood project of Industrial Timber Corp in Butuan City and the P7-million banana production venture of Summit Enterprises International Agricultural Development Corp in Davao City. BOI approval will entitle the two companies to government incentives. The timber company turns out 3.335 million panels of plywood, 80 percent of which is exported to the United States and Europe. Aside from the log supplies it gets from its own concession in Butuan City, the company buys logs from Agusan Wood Industries, Vicmar Development Corp and the Paper Industries Corp of the Philippines. ITC has also purchased the sawmill plant of Agusan Wood and started operating it last February, the BOI said. Agusan Wood is a subsidiary of the Ayala Corp. /Text/ /Manila PHILIPPINES DAILY EXPRESS in English 26 Apr 83 p 10/

**MINING VENTURE**--Tirad Minerals Inc and Gold Fields Asia. Ltd., an Australian-controlled mining group have agreed to explore and develop a rich gold and copper reserve in Mankayan, Benguet. The joint venture between the two was formally signed recently in what could be the first tieup between a Philippine company and a foreign group in mining exploration and development, according to Edmundo Reyes, Tirad Minerals president. The gold and copper reserve is situated in a 533.4-hectare concession covered by 15 mining claims in Guinaoang, Mankayan, Benguet. It is adjacent to the gold and copper reserves of Suyoc and Lepanto Mines. Initial drilling tests conducted by Gold Fields showed that the mining concession has an estimated reserve of at least 100 million tons of copper and gold with an assay of 0.4 percent. The mining claims were originally assigned to Hercules Mining Co. but Presidential Decree No 1695 signed May 7, 1980 awarded the claims to Tirad Minerals, Reyes said. Under the joint venture agreement, Gold Fields is committed to put up \$6 million for the exploratory stage of the development of the ore reserves. Of the amount, \$1.5 million will be released for the first year of the venture and the remainder in the second phase of the development. /Text/ /Manila PHILIPPINES DAILY EXPRESS in English 26 Apr 83 p 10/



## PETROCHEMICAL PLANT TO START UP SOON

Kuala Lumpur THE STRAITS TIMES in English 2 Apr 83 p 1

[Article by John Tan]

[Text]

TOKYO, Mon. — Singapore's petrochemical plant is expected to start operating soon, probably in the third quarter of this year.

Repaying to questions from Asean journalists today, Japanese Prime Minister Yasuhiro Nakasone said the complex would start operations shortly.

Mr Nakasone declined to be more specific, but official Japanese sources said the upstream hydrocracker plant together with most of the downstream plants in the complex have either been completed or will be completed by June this year.

### Aware of its importance

The actual start of commercial operations should be about two months after this date.

Mr Nakasone, however, said the government would continue to support the project and would "facilitate and encourage" more Japanese firms to participate in it.

He said he was fully aware of the importance of the project to Singa-

pore, but added that while the government would encourage the private sector, it could not "control" firms.

The subject of the petrochemical complex may come up for further discussion when Mr Nakasone visits Singapore early next month as part of a tour of Asean countries and Brunei.

He will visit Asean from April 30 to May 10, stopping for a few hours in Brunei on his way home. He is expected to be in Singapore from May 4 to May 6.

This will be the first time that Mr Nakasone will visit Singapore since he became Prime Minister at the end of last year. He had talks with Mr Lee Kuan Yew last month when the latter was in Japan for the Aspen conference.

Mr Nakasone told the journalists from Asean and Brunei that he hoped to consult Asean and Brunei leaders on the Indochina question, Japan-U.S. relations, Japan-China relations, oil and energy, and the future of international financial organisations.

He also said there were some bilateral issues with Asean coun-

tries, but did not elaborate.

Repeating earlier statements on Japan's defence policy, he said his government's basic stance was to firmly maintain the country's peace-oriented constitution and would remain within it.

### In Asean's favour

Japan would attempt to defend its own territory and its defence capability would be geared to withstanding limited aggression.

Repaying to a question expressing concern that Japanese economic strength could lead to domination of Asean countries, Mr Nakasone said that bilateral trade figures with Asean show the trade surplus is much in Asean's favour.

He said that untied yen loans from Japan in 1981 totalled 554 billion yen, of which about a third went to Asean.

He said Japan would progressively lower the preferential tariffs now granted to Asean and would aim at doing away with the repetitive testing of imported products.



WORLD BANK GRANTS COUNTRY \$175.5 MILLION LOAN

Bangkok BANGKOK POST in English 4 Apr 83 p 4

[Text] Thailand will continue to carry out its structural adjustment programme with the help of a \$175.5 million (about 4,036.5 million baht) loan from the International Bank for Reconstruction and Development (IBRD).

The Government's programme, part of its five-year plan for 1981-86, is designed to improve its medium-term balance of payments position, while sustaining the economy's growth momentum. The IBRD loan is the second in a series for structural adjustment in Thailand. The first, of \$150 million (about 3,450 million baht) was approved in March 1982 and was fully disbursed in July 1982.

Since the late 1970s, Thailand's balance of payments account has deteriorated as a result of higher energy prices, terms of trade losses on non-oil foreign trade, and lower demand for exports. In response, the Government's Fifth Five-year Plan incorporates a comprehensive medium-term programme of structural adjustment to restore financial stability.

The two IBRD loans for structural adjustment provide an effective way to support policy adjustments in areas that are crucial for the successful restructuring of the Thai economy. Since implementing the structural adjustment programme, the Government, in little more than one year, has already virtually eliminated export taxation; improved domestic incentives in agriculture, energy, and industry; fundamentally changed land use policy; improved revenue mobilisation; and initiated basic fiscal and institutional reforms.

Help

The second structural adjustment loan will help to continue reforms begun under the first programme in five areas: agriculture, energy, fiscal management, industrial policy, and institutional development. Within this broad framework, and begun the present international and domestic economic situation, the second structural adjustment programme puts particular emphasis on continued improvement in overall public sector management and efficiency in public resource use, and on further rationalisation of private sector investment incentives.

The loan, expected to be fully disbursed by September 30, 1983, is for 20 years, including five years of grace, at an interest rate linked to the cost of bank borrowings. The loan also carries an annual commitment charge of 0.75% on undisbursed balances and a front-end fee of 0.25% on the amount of the loan--the first application of the reduction in the front-end fee announced in March 1983.--World Bank.

CSO: 4200/558

GOVERNMENT TO KEEP UP RICE PURCHASE

Bangkok THE NATION REVIEW in English 31 Mar 83 p 16

[Text]

THE PADDY price intervention and support committee chaired by Commerce Minister Punnamee Punsri met for the last time yesterday and confirmed that purchases will continue on government-to-government basis. About 50,000 tons will be bought soon by the Public Warehouse Organization and Department of Foreign Trade.

Director General of the Department of Foreign Trade Danai Tulalamba said yesterday that the meeting yesterday will be dissolved but the PWO and DFT will

continue to buy rice to deliver to foreign buyers on a government-to-government basis.

A new purchase will be made of 50,000 tons of 10% and 15% rice to be delivered within 15 days.

Yesterday's meeting listened to the operations so far of the committee, appointed by Premier Prem Tinsulanonda to jack up paddy price. During January-March, this year, 5% paddy was sold at 3,300 baht per ton, close to the government-fixed price.

CSO: 4200/558

JAPANESE AID FOR CULTURAL, FARMING PROJECTS

Bangkok THE NATION REVIEW in English 31 Mar 83 p 16

[Text] JAPAN yesterday signed agreements to give Thailand two grant aids totalling 206 million yen (about 20.6 million baht) to fund the construction of a farmer's training centre in Kanchanaburi and another project to preserve cultural assets in Sukhothai, Japan Information Service announced.

It reported that the exchange of the two notes were signed at the Department of Technical and Economic Co-operation (DTEC) by Japan's Ambassador to Thailand Motoo Ogiso and DTEC Deputy Director General Kasem Unahassavan.

GRANT AID

One of the two notes provides for a grant aid of 156 million yen (about 15.6 million

baht) which will be spent on the establishment of Farmer's Training Centre in Mae Klong, Kanchanaburi, where the Irrigation Agriculture Development Project is being undertaken with technical assistance from Japan, it said.

The Japanese Government decided to give the grant on grounds that the centre, which will help enhance the technical competence of farmers in the area, would add to "effective utilization of irrigation resources and to enhance their standard of living", the information service office said.

The other grant worth 50 million yen (about five million baht) will be spent for the supply of equipment for use in the restoration and preservation of Sukhothai cultural assets to the Ministry of Education, it said.

It added that the equipment to be purchased under the restoration project include motor graders, and hydraulic excavators.

## THAI FIRM SEALS DEAL IN LIBYA

Bangkok THE NATION REVIEW in English 6 Apr 83 p 14

[Text]

**A THAI construction firm recently clinched a multi-million-baht deal in Libya to construct a people's park in Libya.**

Libyan-Thai Joint International Co. Ltd, a joint venture firm dealing exclusively with Libya sealed the 5,000-million-baht deal to construct the park which will be similar to Thailand's Siam Park, according to Mr Phuchet Saengrattanaichai, an engineer of Libyan-Thai Joint International.

"This is the biggest project that Thailand has ever won in Libya. Only Thai workers will be involved in the construction of this park at Benghazi in Libya," he said.

The Thai company, under Managing Director Kriengkrai Palawatvichai, also recently signed a contract through their Libyan partners, General Building Company, with the Libyan Government to undertake a 60 million baht project to con-

struct a career training centre at Aguria and Gemines in Libya.

"This project at the two cities will be completed in about 15 months, and we are proud to say that only Thai workers and technicians are involved," said Phuchet.

"At the moment, many major projects are awaiting us, but we have to accept them on a piecemeal basis because of the long time it takes to get a bank guarantee from the Thai Government.

"However," Phuchet added, "with Libya's trust in the good reputation of Thai abilities that our company has made known to the Libyans coupled with their satisfaction of the wages we offer, we are encouraged to pursue to the utmost to fulfill our contract work."

## INSURGENTS IN NORTH: NO WHERE TO GO

Bangkok THE NATION REVIEW in English 2 Apr 83 p 14

[Text]

**T**HE FALL OF the major communist stronghold in northern Nan last month has left northern communist insurgents with only one major bastion, the Pua District operational zone in the south of the same province. The military, however, is confident that the rapidly eroding stronghold will soon automatically dissolve. And by then, the Third Army Region could declare proudly that there is no more "liberated zones" in the region.

Even now, the long-standing threat of the northern communist insurgents is probably no longer a threat at all, but a pester, given the fact that excluding the near-collapse major stronghold in southern Nan, all the other major strongholds have turned into "guerrilla zones."

Among the arguments cited by field military officers to back up their confidence is the fact that several hundreds of communist operatives and their supporters in Pua District operational zone, known in the rank and file as Zone 4, surrendered to the government while government troops were staging the month-long offensive, code-named Suriyapong 4 last month.

The military operation, which was launched on March 1, is said to have fulfilled its objectives to

decimate the major communist stronghold in northern Nan, codenamed Operational Zone 6, which was the strongest communist bastion in the region.

A field military officer said that the Third Army Region, while working out the Suriyapong 4 plan, decided to choose Zone 4, and not Zone 6, as the target of the onslaught on grounds that the former was better fortified than the latter.

For one thing, the communist operatives in Zone 4 in Phu Phayak District, have been firmly supported by the Lua hill-tribes people, the minority group to which government authorities have the least access while the Hmong hill-tribes people who form the supporting masses for communist cadres in the other stronghold are more accessible, according

Field military officers told *The Nation* that communist remnants are still infested in the following areas: The Chuang Rai-Payao border near the Doi Phachu defunct stronghold, the Nan-Uttaradit border, the Phu Phayak and Pua areas, Phitsanuloke, Loei, Petchabun, Tak, Kamphaeng Petch-Nakhon Sawan border, Uthai Thani, the Lampang-Lamphun-Chiang Mai border, and Mae Hong Son. However, during the past four months, the communist rem-

nants did not stage any military activities while their supporters continually defected to the government.

Military officers said that unlike the Second Army Region, the Third Army Region had to give precedence to military operations over political campaigns for the mere reasons that they had no access to the northern communist insurgents and their sympathizers who fully made use of the rugged and wooded terrains as their hide-outs.

"There is the only way left for us: To launch military offensives to pressure them to surrender before we could complement our military activities with development projects based on the government policy embodied in the Government Order No. 66/B.E. 2523. But our success has proved that our strategy is correct," one of the military officers told *The Nation*.

to the military officers.

The fact that there have been no military activities initiated by the communist insurgents in Pua District operational zone since the beginning of the current fiscal year in last October also convinced the Third Army Region that the last-ditch communist stronghold is now on its way towards self-dissolution.

"I don't think we will have to launch another major offensive against communist insurgents any more as we could work for the defection of the hiding communist insurgents and sympathizers in their remaining small operational zones through our connections and political means," said Col Ruethai Nirobon, commander of the Civilian-Police-Military Unit 32, which is responsible for the se-

curity in the northern part of the region.

Another military officer said that the Surryapong 4 military operation could be likened to the suppression against the Phukhad stronghold which straddled on Phitsanuloke and Loei in that the collapse of the Phukhad stronghold later led to the self-dissolution of the strongholds on Hin Rong Kha and Khao Khor mountains nearby

Apart from the communist strongholds straddling the three provinces, the communist operational zones which have fallen into the hand of the government are the Doi Yao-Doi Phamon stronghold in Chiang Rai (Zone 8), which was seized in 1981, the Doi Phachi stronghold on the Nan-Payao border (Zone 7), which collapsed in April, 1982, and the strongholds in Umphang and Mae Sot districts in Tak.

CSO: 4200/558

## POLICE ARREST CHANUAN MOVEMENT LEADER

Bangkok BANGKOK POST in English 31 Mar 83 pp 1, 3

[Text]

**POLITICAL** activist and leader of the Chanuan (Fuse) Movement Anant Senakhan was arrested in front of the Forestry Department in Bang Khen yesterday and charged with lese majeste.

The former monk was charged under Article 112 of the Criminal Code for comments he allegedly made on Tuesday evening at a Sanam Luang rally attended by about 5,000 people.

Conviction on the charge could result in a jail sentence of between three and 15 years.

Anant denied the charge and was last night taken for interrogation and detention at Don Muang police station.

His "Anti-Samak Centre" located off Paholyothin Road was searched by police yesterday afternoon while the movement's planned rally scheduled for 5 p.m. yesterday at Sam Sen Railway Station, was called off.

At 10 a.m. today a member of the movement will put up 160,000 baht in cash and title deeds in an attempt to secure bail.

After his arrest Anant was taken to the Metropolitan Police Headquarters where he briefly met Metropolitan Police Commissioner Lt-Gen Phuchit Meepricha before speaking to a huge crowd of reporters waiting outside.

Anant claimed that he had contacted Col Watun Kamsongrit, who is al-

tached to the Bangkok North Police, and arranged to meet him in front of the Forestry Department to explain his comments.

"When I arrived I was arrested," Anant said.

"I am not a criminal," he declared, repeatedly denying the lese majeste charge. He also said that he did not intend to instigate any public unrest or disrupt the elections through his comments.

The Chanuan Movement wanted a democratic election, he said, adding that he hoped that those people and political parties who had supported him before would do so now.

Anant told the Press that he had appointed Mr Udom Supasin, a member of the movement, as his legal adviser.

After speaking to reporters, Anant was taken to Don Muang police station by the deputy commander of the Bangkok North Police, Maj-Gen Chalerm Cherdamrong.

They were escorted along the way by a team

of SWAT (Special Weapons and Tactics) policemen.

Police interrogated Anant for three hours before putting him in a cell at about 8 p.m.

The "Anti-Samak Centre" was searched by police at about 4 p.m. and its members were ordered to move all their loudspeakers and equipment inside the centre.

May-Gen Chalerm, who arrived after the search, said that police had confiscated a diary from the centre, located just a few metres away from the Prachakorn Thai Party headquarters.

He did not say what was written in the diary.

However, Mr Prant Khongphet, one of the movement's members, told reporters that police had not found or taken anything after their search.

Prant said the movement would continue its campaign despite the arrest of its leader.

Mr Arongkat Tieboornchai, another Chanuan member, said that he

would be putting up 160,000 baht in cash and land title deeds in a bid to secure Anant's bail today at Chanasongkhram police station.

Chanasongkhram police said yesterday that several groups of people had come to the station to press lese majeste charges against Anant, but left after being told that action was already being taken.

Police Chief Gen Narong Mahanond, who said that he was personally handling the case, told reporters before Anant's arrest that police had listened to Anant's speech very carefully.

The Army-run radio programme "Rabiang Kao" yesterday urged the Government to take urgent, decisive and strong action against Anant.

Commenting on the broadcast, Army Supreme Commander Gen Saiyud Kerdphol said last night that justice should prevail in this case.



## RANGERS HIT SHAN REBEL BASE CAMPS

Bangkok BANGKOK POST in English 5 Apr 83 p 3

[Text]

A RANGER force backed by air strikes struck at a ~~border camp~~ belonging to Khun Sa's Shan United Army (SUA), but found the base abandoned when they arrived, say Shan sources.

Although there was no contact with SUA forces, three rangers were reportedly wounded by mines.

The rangers hit the SUA camp on March 26. The jungle base, formerly commanded by Khun Sa's uncle Khun Seng, was situated near Na Mun Awn on the border.

The ground raid was made by a platoon-sized unit of around 30 men and preceded by air strikes from Bronco OV10 counter-insurgency aircraft, the sources said.

The SUA men faded away from their base before the rangers reached the spot. They are believed to be still in the area, however.

The SUA had moved westward from their former stronghold on Doi Lang to the border area north of Mae Hong Son in February.

In what some observers see as a significant development, the rangers also hit another border camp in the same area belonging to the Shan State Army (SSA), a SUA rival.

The day before their move on Na Mun Awn, a 200-strong ranger force confiscated over 20 guns, four grenade launchers and one mortar from the SSA, as well as reportedly smashing radio equipment.

SSA guerrillas in the camp put up no resistance.

Over recent years relations between the SSA on the border and local Thai authorities had been good. The SSA, committed to a programme of Shan independence from Burma and active mainly in the northern Shan

State, is generally regarded as not seriously compromised by the flourishing narcotics trade.

The sudden crackdown on the group appears to reflect a new direction in Thai border policy, say observers. They say the Thai authorities are driving out all the rebel groups along the border.

He added he believed the move came as a result of an understanding between Rangoon and Bangkok.

The aggressive new attitude towards all Shan insurgent groups comes as a marked shift away from the traditional policy of maintaining buffer forces along the border, observers noted.

That policy was largely discredited by the blatant involvement of many buffer groups — most notably the SUA — in the narcotics trade.

THAILAND

GOVERNMENT TROOPS CONTINUE 'SUPPRESSION OPERATION' AGAINST CPM FORCES

Bangkok BANGKOK POST in English 1 Apr 83 p 5

[Text] Yala

Government troops yesterday completed the second phase of the suppression operation against elements of the Communist Party of Malaya (CPM) Regiment 12 in Betong District here, Fourth Army chief spokesman Col Thammarak Issarangkul na Ayutthaya reported.

At least 10 members of the CPM regiment were killed in the mop-up operation, the spokesman said.

The suppression drive, which was code-named "Tai Rom Yen 15 Phase II", was launched on March 24, and successfully wiped out the CPM Regiment 12 located in the dense highlands forests some 1,100 feet above sea level on the Thai-Malaysia border, the officer told reporters.

According to Maj-Gen Panya Singsakda, commander of the special action force "Sakda", the task force managed to overrun Zone One camps of the CPM earlier in the week.

Another special force, code-named "Pran Tamin", later took the CPM Zone Two after a heavy clash with elements of the Red Regiment 12 operating on Tapaparang Hill in Betong's Tambon Iyaweng.

The Pran Tamin force engaged the communist insurgents in the clash which lasted 30 minutes yesterday. One soldier was killed when he stepped on a booby trap. Five other troopers were wounded in the same incident, the general said.

The captured Zone Two communist camp extends over an area of five rai complete with two sleeping quarters which can house up to one hundred people.

CSO: 4200/558

# SELF-DEFENSE VILLAGES FOR BORDER AREAS

Bangkok THE NATION REVIEW in English 4 Apr 83 p 3

[Text]

THE Supreme Command is planning to build more than 250 strategic self-defence villages in sensitive border areas facing Malaysia, Laos and Burma, a senior military official said yesterday.

Deputy Armed Forces Chief-of-Staff Col Sanan Khachornklam said a total of 121 self-defence villages had already been built along the Thai-Kampuchean border.

He said these villages have their own security system and development programmes. The self-defence village project was initiated in 1978 by Premier Prem Tinsulanonda.

Under the projects hamlets scattering in sensitive border areas

are grouped together into self-defence villages.

Col Sanan said another 137 self-defence villages are planned for border areas facing Laos, 47 near the Burmese border and another 69 near Malaysian border.

Col Sanan was speaking to reporters in Buriram on Friday after a ceremony for Thai authorities to receive US aid worth about 69 million baht from US Ambassador to Thailand John Gunther Dean.

Parts of the American funds will also be used for development work in these villages.

Col Sanan said some international aid agencies will also extend assistance to the project.

## BID TO POSTPONE MAIZE DELIVERY TO USSR

Bangkok THE NATION REVIEW in English 4 Apr 83 p 11

[Text]

**THAILAND HAS** asked to postpone delivery of maize to the Soviet Union in exchange for fertilizer until the end of this year. The amount of maize due is about 100,000 tons.

Informed sources said yesterday that the Agriculture Ministry had informed Soviet authorities that delivery of the remaining amount of maize would be delayed until the end of this year although Moscow has delivered 103,736 tons of fertilizer as had been agreed upon. The Marketing Organization for Farmers (MOF) has taken delivery of two lots of fertilizer from the USSR - 51,868 tons each, with the second and last lot being delivered in December last year.

The ministry on March 12 wrote to UMC Corporation, which represents the Soviet Union's side of the deal here, seeking postponement of the remaining 100,000 tons until the end of this year, after the first 100,000 tons have been delivered earlier.

The prices of maize at this time remain high. No response has so far been received from UMC.

The sources said that the matter had unofficially been raised by Deputy Agriculture Minister Narong Wongwan with the company earlier.

The reason for the postpone of delivery of the maize, according to the sources, was that prices of maize at the moment

are very high compared to the Chicago prices - compared to the low price level when Thailand entered into the barter agreement with the Soviet Union in late 1981 to pluck up local maize prices. During that time, prices of fertilizer abroad were also high.

"That's why Thailand agreed to bring in fertilizer from the Soviet Union at a pricing formula equivalent to 4,820 baht per ton, ex-warehouse price, while keeping the fertilizer for four months without any charge.

The situation now has reversed - with prices of maize going up and fertilizer prices coming down to about 4,400 baht per ton, due partly to the drop in oil prices.

## LPG SHORTAGE AT 'CRITICAL POINT'

Bangkok THE NATION REVIEW in English 7 Apr 83 p 9

[Text]

**CALLING FOR urgent joint actions among oil traders and importers, President of the Oil Traders Association Aram Krabuanrat announced yesterday that the shortage of LPG (liquefied petroleum gas) had hit a "critical point" with supply only 50% of the local demand.**

Aram told a press conference: "Importers just aren't buying LPG from abroad and producing countries have cut down on their production capacities. At the same time, the Finance Ministry has not been paying the subsidy of 50 satang per kilo for cooking gas for the past two months despite a Cabinet ruling to that effect."

He said the situation had gone from bad to worse since early this month.

Aram said that seven to eight local importers of LPG had slowed down their activity to a near-halt because of the rising prices in Singapore while OPEC countries have also cut down their crude oil production.

"At the same time, the Finance Ministry has not been paying the subsidy of 50 satang per kilo for two months on grounds that it could not distinguish cooking gas from LPG used to fuel vehicles," Aram said.

He said local production of LPG had also been lower. While the Petroleum Authority of Thailand has been producing about 80 tons a day, Shell and Esso have been putting out about 100 tons each daily but the local demand is 1.3 million kilos a day.

"It's clear that the shortage of LPG has reached a critical point unless something is done promptly," he said.

He also said that the LPG shortage had also affected gas station operators who could not renew their licences because they don't have sufficient gas in reserve as stipulated by law.

"There are now about 200 gas stations of this type around the country. Those in Bangkok selling LPG are particularly hard hit because they simply have no gas to sell to the

public. In the provinces, they have been coming to Bangkok to get gas supply, pushing up prices dramatically since March. The price has gone up to about 8-12 baht per kilo," he said.

Aram said that imported LPG costs about 10.14 baht per kilo. "That's the import price from Singapore, excluding other expenses and taxes which come to about 50 satang per kilo. But they have to sell at 9.20 baht per kilo, resulting in a loss for all gas station operators," the association president said.

He pointed out that because of the increasing use of LPG in fuelling vehicles, cooking gas shortage would soon be inevitable.

"Therefore, it is our belief that the oil companies and importers should jointly be responsible for this problem. PTI should also get involved and try to seek a solution as soon as possible - either in the form of securing a sufficient supply or to adjust the local prices of LPG to make for a more balanced situation," Aram said.

Sources in the Commerce Ministry, meanwhile, said that they were confident that shortage of LPG would not take place at this time although in the future the trend of such a situation is not unlikely.

"Import of LPG per month now is between 22,000 to 24,000 tons and local production is about 10,000 tons a month while local demand is 22,000 tons per month, of which 10,000 tons a month is used to fuel vehicles. Judging from these figures, there is no reason why there should be a serious shortage at this moment as claimed by the oil traders," the officials said.

The sources said that the current retail price is 6.30 baht per litre, up from the previous controlled price of 5.90 baht per litre.

"But small gas traders buy from the spot market where prices fluctuate wildly at times despite the fact that oil prices have come down worldwide," the officials said.

Director General of the Commercial Registration Department, Mr Chame Chutatanakul, last week met major oil companies to seek their urgent help in ensuring adequate supply of LPG, anticipating shortage next month.

'CHANUAN' TO CONTINUE ANTI-SAMAK CAMPAIGN

Bangkok THE NATION REVIEW in English 31 Mar 83 p 1

[Text]

MEMBERS Of the controversial "Chanuan Movement" declared yesterday they will continue their anti-Samak campaign despite the arrest of their leader Pol Maj Anant Senakhan.

However, they were forced to cancel their scheduled public rally near Samsen railway station after Anant's detention.

Alongkot Tieboonchai, a lawyer and a member of the movement, said they will distribute leaflets to the public today to explain the motive behind the arrest of their leader.

"They only chopped off our head but our body is not yet dead," he said of Anant's arrest.

About 50 people gathered at a field

near Samsen railway station before 5 pm for the scheduled rally by Chanuan Movement which was later cancelled. A unit of policemen was also posted there and was later withdrawn.

No explanation was given for the sudden cancellation of the rally but one of the movement members said they had been denied permission by Dumit police to use loudspeakers.

Anant said yesterday that he had instructed members of his movement to adopt other forms of campaigns following the police ban on the use of loudspeakers.

Bangue police were yesterday sent to guard the headquarters of the movement.

## PETROCHEMICAL PROJECTS MOVE ANOTHER STEP

Bangkok THE NATION REVIEW in English 2 Apr 83 pp 1, 1

[Excerpt]

THE government's plan to launch a massive petrochemical complex project in the Eastern Seaboard has taken another step now that 12 companies, with both local and international investors, have applied for the schemes. Deputy Industry Minister Chiraya Isarangkarn na Ayuthaya said yesterday that the Petrochemical Subcommittee will take two months to select the most qualified companies.

Interested firms were told on Jan 7 when the prospectus was distributed to submit their bids by March 30.

The deputy minister said that four firms submitted proposals for high-density

polyethylene projects. They are Thai Petrochemical Industry in joint venture with Hoechst AG of West Germany; Siam Cement Co Ltd, Thai United Polymers and UMC International.

One company - Thai Petrochemical Industry - submitted a bid for low-density polyethylene project. The company proposed to increase its production capacity to 100,000 tons per year at the plant in Rayong.

Three companies submitted bids for polypropylene projects. They are BASF of West Germany, Sri Thep Thai Investment, Sri Krung Wana in joint venture with Hercules of the US.

Only one company - Birla Group of India - has proposed a project for ethylene glycol and only Thai Plastic and Chemicals Co Ltd, producers of PVC in Thailand, has come up with a bid for the vinyl chloride scheme.

The government has not invited bids for the upstream projects which will be undertaken by the Petroleum Authority.



# POWER RATE TO BE CUT NATIONWIDE

Bangkok THE NATION REVIEW in English 6 Apr 83 p 3

[Text]

AN ACROSS-the-board reduction of power prices nation-wide by two satang per unit, retroactive to April 1, will go into effect, the Cabinet decided yesterday.

Government Spokesman Trairong Suwankin said the Cabinet also approved a proposal of the Committee on Electricity Development Policy to adjust electricity rates in the provinces to the same levels as those in Bangkok.

The adjustment is designed to decentralize development, especially in the business and industrial sectors, from the Bangkok area.

However, households using less than 35 units of power a month will not benefit from the reduction, he said.

Trairong said the cost of generating power came down 706 million baht after the reduction in domestic oil prices.

However, the Cabinet yesterday made no move to lift the partial ban on TV broadcasting in the

evening, Trairong said.

He said the Cabinet took note of the suggestions made by the Foundation for Child Development and Mass Media Promotion for Children Project, which sought to retain the ban.

Suggestions and observations made by the two children's organizations:

- Children spend an average of 20 hours a week in front of TV sets — more time than they spend in classrooms.

- Excessive TV viewing hampers the mental growth of children

- TV often creates negative influences on children

- Many TV programmes are foreign-made and, therefore, are one of the causes of the trade deficit and can alienate children from the Thai culture. There should be serious attempts to promote locally-made children programmes.

- TV commercials create wrong values for children

## MILITARY AFFAIRS AND PUBLIC SECURITY

### DECADENT CULTURE, RELIGIOUS POLITICAL ACTIVISTS DENOUNCED

Hanoi QUAN DOI NHAN DAN in Vietnamese 3 Apr 83 p 3

[Unattributed Article: "Vigilantly Defeating the Enemy on the Ideological, Cultural Front"]

[Text] In their multifaceted war of destruction against us, the American imperialists have conspired with the Peiping hegemonic expansionists and other international reactionaries with special emphasis on destroying us in the ideological and cultural aspects. They have coordinated all forms of overt, secret, legal and semi-legal activities using reactionary and decadent culture and art to spread the degenerate life, especially among the youth. Documents we have gathered have clearly proven the extent of their insidious plots and schemes. Each month, tens of thousands of antisocialist newspapers, magazines and documents slandering our regime and praising the American way of life and capitalism are brought from foreign countries to our nation by many different routes. In conjunction with the surreptitious dissemination of tens of thousands of harmful leaflets of more than 40 different types, the Vietnamese language broadcasts of Western radio stations and the Vietnamese language stations of the reactionary expatriates located in foreign countries regularly broadcast distorted programs misinterpreting the truth and slandering Vietnam, and tens of thousands of Western stimulating and provocative music tapes have been smuggled in for large-scale reproduction to disseminate free or to sell in our country, especially in Ho Chi Minh City where tens of thousands of reactionary, decadent and superstitious books have been confiscated from more than 500 facilities, stalls and storage and rental shops. Hundreds of old and new "pig" films, thousands of drawings and pictures with a decadent and reactionary theme along with hundreds of projectors for these types of films have been confiscated and the facilities, stalls and shops disseminating this enslaving culture have been brought to court. Reactionary poems and songs have been smuggled out to create a disturbance in foreign countries and "classes" and "music groups" have been organized with the darkest objectives.

The enemy takes advantage of every ingenious method and stratagem to incite the sexual instinct of man: T-shirts with pictures of nude females and notebooks, calendars and wrapping paper which have also become a means of propaganda. Analysis is necessary here for a clear understanding of the close relationship between the enemy plots and the recessionary backward aspects of society and to accurately differentiate between that of the enemy and that of the backward and negative elements (and naturally the backward and negative elements are usually forces

assisting the enemy when they are being taken advantage of), in order to formulate policies and methods of appropriate and effective resistance.

In the struggle against the destructive plots of the enemy on the cultural and ideological front, we also cannot fail to give attention to the enemy's use of religion to destroy the government and damage the interests of the people. It is necessary to clearly differentiate between a policy of freedom of religion and the struggle against those taking advantage of religion to destroy us. The former French colonialists and the American imperialists as well as the Chinese reactionaries have all used religion like a tool to transgress against and poison the people. They take full advantage of the various religions to carry out obscurantism and their ugly political schemes and use the religious pretenders as competent lackeys to resist the revolution. By every religious stratagem and form, they stick to an individual from birth to death, introducing reactionary political ideology and negative ways of life to every daily activity of the worshipper in an attempt to confuse and destroy the progressive and revolutionary ideology of man.

In order to defeat the enemy's war of destruction in the ideological and cultural aspects, we must diligently conduct at every moment and in every location political and ideological education on the civilized and scientific new life to all classes of the people, especially the youth, the great force of society and extremely sensitive to the new. At the same time, we must promptly discover and resolutely expose and punish those disseminating reactionary and decadent ideology and living habits and the religious pretender reactionaries engaged in political activity to destroy us.

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## MILITARY AFFAIRS AND PUBLIC SECURITY

### DECADENT, REACTIONARY PRODUCTS WIDELY DISSEMINATED

Hanoi QUAN DOI NHAN DAN in Vietnamese 3 Apr 83 p 3

[Article by Van Hien: "By What Means Are Reactionary Cultural Items Invading Our Country?"]

[Text] Old and new music tapes and records of the West, leaflets, newspapers and magazines published in foreign countries, "pig" films and projectors for these types of films are appearing in our country and especially in the large cities such as Ho Chi Minh City. Many of these items were fairly recently produced, 1978, 1979, 1982, etc.

By what routes are these decadent cultural items invading our country?

First of all, they are brought into the interior by enemy spies and agents.

Secondly, they are brought in by those pretending to be overseas Vietnamese returning to visit, by foreigners, in letters and packages sent as gifts from foreign countries through the international postal service, etc.

Third, they are brought in by modern means of communication: over the frequencies of hundreds of Vietnamese language programs from Western and Chinese radio stations. Besides the "news," "Vietnamese society" and "letter from a dead soldier in Kampuchea," there are also music programs such as "songs for those seeking freedom" and "songs for those left behind" of the expatriates. Of special interest is the "overseas Vietnamese music" program on the Vietnam language portion of the Voice of America. Reactionaries within the country record these programs for widespread reproduction and dissemination in the coffee-music and live music shops.

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## MILITARY AFFAIRS AND PUBLIC SECURITY

### CHINESE DECADENT TAPE PURVEYOR APPREHENDED

Hanoi QUAN DOI NHAN DAN in Vietnamese 3 Apr 83 p 3

[Article by Lam Hung: "Reactionary Chinese Du Van Mai and Decadent Music Tapes"]

[Text] Music tapes produced in America, Hong Kong and Japan with a decadent and reactionary theme have appeared in a number of locations in Ho Chi Minh City along with many other types of music tapes written and published by the former U.S.-puppet regime with the purpose of resisting and destroying the Vietnamese revolution. Many copies of these tapes have been made for display not only in the sidewalk book stalls but also for hidden circulation in the coffee and refreshment shops, in alleys and in private homes. The moaning and provoking sounds and reactionary statements of these types of music are mixed with the busy air of the monotonous music of which many of the youth are fond and familiar. The public security personnel of Ho Chi Minh City immediately organized an investigation to seek out those illegally storing and circulating these music tapes.

Relying on the assistance of the people and of the cadres and members of the cultural and information sector, the public security personnel of the 5th Precinct discovered and apprehended a band of Chinese reactionaries specializing in the reproduction of reactionary and decadent tapes for secret circulation aimed at destroying the ideology of our cadres and people, provoking the counterrevolutionary ideology of evil elements, appealing to the youth to follow a degenerate path and provoking people to escape to foreign countries.

This reactionary band was led by Du Van Mai, also known as Mai Hung. Mai Hung is a Chinese living in Ho Chi Minh City. Under the U.S.-Puppet regime, Mai Hung was a competent lackey, recruited and secretly introduced to work in the psychological warfare forces. Since the day of total liberation of the south, Mai Hung has sought every means to conceal the music tapes of the old regime and decadent music tapes produced in capitalist and imperialists countries for introduction to our country. Mai Hung also concealed his past history and crimes to obtain a job in Tape Reproduction Store 2 of the Tape Reproduction Enterprise, Ho Chi Minh City Cultural and Information Service. Mai Hung selected the best recorders in the store, took them home and with his companions reproduced reactionary and decadent tapes. In only a short time, his band had reproduced nearly 300 tapes and circulated them in many locations throughout the city. Along with the apprehension and punishment of the Mai Hung band, the public security forces of Ho Chi Minh City have firmly coordinated with the Municipal Cultural and Information Service to quickly recover the tapes noted above.

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## ECONOMIC PLANNING, TRADE AND FINANCE

### ADDITIONAL DRUG STORES OPENED IN HO CHI MINH CITY

Paris DOAN KET in Vietnamese Mar 83 p 3

Article by "PV.": "Ho Chi Minh City Expands Network of State and Private Drug Stores"]

[Text] A new feature in the economic-social life of Ho Chi Minh City in recent months has been the opening of state and private drug stores.

According to people who have recently returned from visiting their families during Tet of this year, there are now 25 agencies of the Pharimex (Municipal Pharmaceutical Export-Import) Corporation and more than 100 private drug stores. According to many different sources, by the end of this year the number of state and private drug stores may increase to between 300 and 400 stores.

If that does not resolve the shortage of medicine, at least it will make the market for Western medicines in the city more wholesome and help the people avoid the tragedy of having to buy medicines on the black market, which are expensive and may be ersatz medicines, poisonous, or life-endangering.

The source of medicines of the Pharimex agencies must of course be direct importation or requisition-purchasing from families which receive medicine sent to relatives abroad. We have learned that families which sell medicine to Pharimex will receive priority from Pharimex in the supplying of medicine.

Pharimex also supplies medicines to private drug stores but in principle cannot purchase medicines from private individuals, in order to avoid speculation and dealing in ersatz medicine. In actuality, those drug stores can, of course, purchase from acquaintances and sell to regular customers medicines which Pharimex cannot yet supply. The private drug stores must register to do business and hire pharmacists. It has been learned that the pharmacists at those drug stores will be paid between 3,000 and 5,000 dong per month.

According to recently arrived Vietnamese, although the outdoor market in Western medicines (especially on Nguyen Thong Street) has been outlawed it is still operating. However, it has far fewer customers, which proves that the people like the legally operated (state and private) drug stores. That confirms state in the economic sphere as well as in the other spheres, only if positive economic steps are taken can the problems be resolved and conditions be created for the effectiveness of the administrative measures.

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## HEAVY INDUSTRY AND CONSTRUCTION

### ELECTRIC POWER SITUATION IN VIETNAM ANALYZED

Paris DAWN SAT in Vietnamese Mar 83 pp 26, 27, 28

(Article by Ban Duy: "The Situation and Outlook of Electric Power in Vietnam")

[Text] During the past several years, as a consequence of the nation's division, due to the effects of fierce warfare that lasted more than 30 years, and due to the world energy crisis, our country has suffered a serious shortage of electricity. When the weather undergoes major changes and it is necessary to greatly increase electricity to fight flooding or waterlogging, when the source of water for hydroelectricity decreases because of drought, when an electricity generating installation has to temporarily cease production to carry out periodic repairs of boilers and machinery, or when generators, transformer stations, or transmission lines suddenly break down, the amount of electricity supplied to Hanoi, Ha Chi Minh City, and the other localities cannot but decrease considerably.

At the end of 1976 the Fourth Party Congress provided in the 1976-1980 5-year plan to increase the output of electricity to at least 5 billion kWh by 1980. In July 1978 the Electricity Science-Technical Conference at Nha Trang recommended the electricity production goals of 5 billion kWh by 1980, 12 billion kWh by 1985, and between 27 and 30 billion kWh by 1990. But in fact, in 1980 we attained only 3.8 billion kWh, divided as shown by Chart 1. Hydroelectricity accounted for 41.8 percent, thermoelectricity (coal and oil) accounted for 48.9 percent, and diesel and gas turbines accounted for 6.3 percent. The structure of electricity consumption was as follows: Industry, 51 percent; Agriculture, 4.1 percent; civilian lighting, 24 percent; and the other sectors, 14.3 percent. In 1980 France's electricity output amounted to 248.7 billion kWh.

In March 1981 the Fifth Party Congress readjusted the 1981-1985 5-year plan and set the specific norm of 5.5 to 6 billion kWh by 1985. It may be said that that norm is more realistic than the previous norms and proves that the entire nation is experiencing great difficulties with regard to electric power.

The developing countries are usually in a transitional stage in their struggle with regard to electric power: "Without electric power it is not possible to develop industry and agriculture, but if industry and agriculture are not developed they will be no major consumers of electricity; i.e. it will be difficult to form a vast, solid, integrated electrifying grid which would greatly promote the development and maximum use of the country's electricity; but



Chart 1. Electricity Output in 1980

	Unit: billion KWH	Total Output	Hydroelec- tricity
Northern Electric Power Corporation (Electric Power Corporation No 1)		2.10	0.5
Central Electric Power Corporation (Electric Power Corporation No 2)		1.55	1.1
Southern Electric Power Corporation (Electric Power Corporation No 3)		0.15(*)	—
		3.80	1.6

\*Of which .031 billion KWH were purchased from  
Electric Power Corporation No 2.

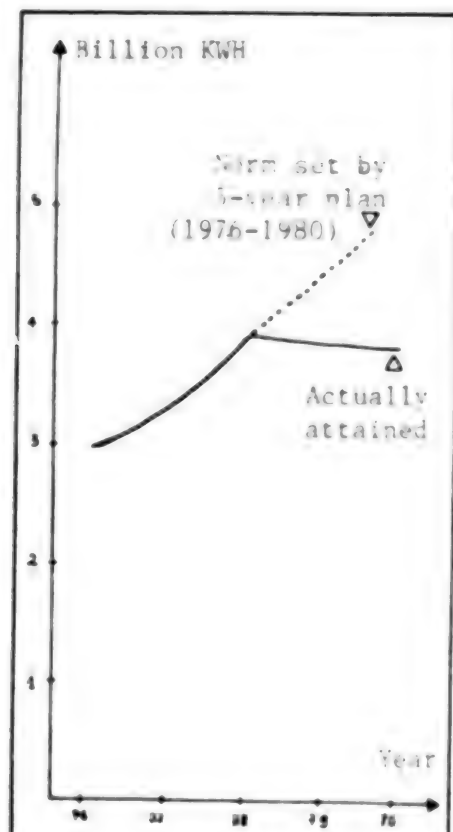


Chart of National Electricity Output



At the same time, a high-voltage (220 KV) grid now under construction. All connecting lines, Ha Dong (south of Hanoi) and Pha Lai, will be extended north and south, where it will connect with the existing, rather important 110 KV grid (extending about 1,100 kilometers) in order to form a rather broad and solid system for the north. The prospect of an electricity system in which the coal-powered generating plants and the Thac Ba and Hoa Binh hydroelectric plants, supplement one another was neatly described by the poet To Huu in a couplet:

"Small lumps of coal also burst into light,  
Thac Ba runs and turns the Da River into electricity"

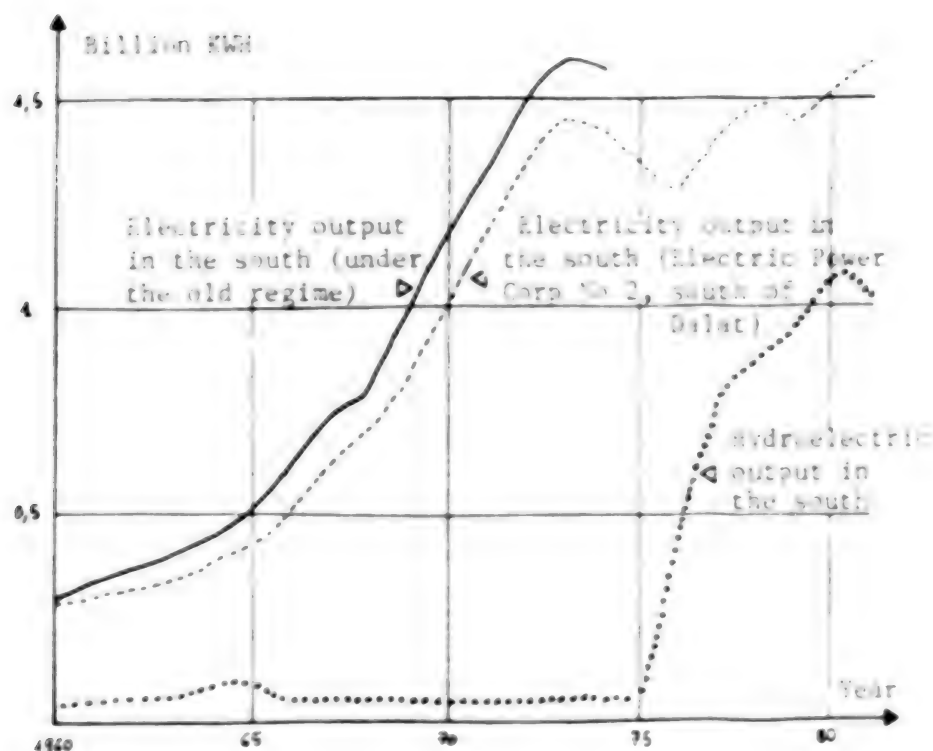
(Song of Spring 1971)

In the near-distant future, when the Hoa Binh project operates at its full design capacity, that source of electricity can help the north and central Vietnam, and a plan to construct a 220KV line from Ha Dong to Thanh Hoa and on to Vinh has been discussed. It should be remembered that the plans to construct Pha Lai and Hoa Binh were drawn up before the country was unified.

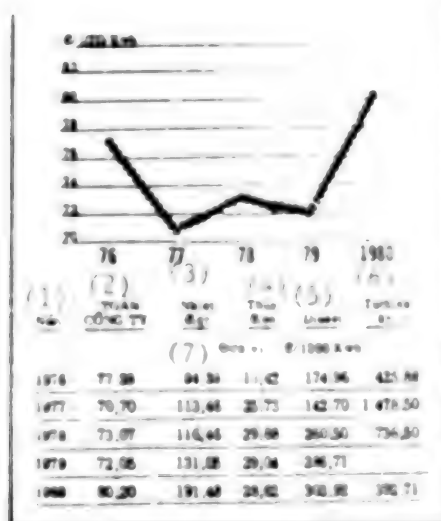
6. In central Vietnam, because there are few large consumers and there is no line connecting the provinces, the time is not yet right to build a large-scale power plant. Therefore, in the immediate future, the best solution is to go all-out to maintain and improve the existing power plants, seek ways to develop new, renewable sources of energy (for example, wind machines in coastal areas with much wind), and, especially, give priority to building a number of small hydroelectric stations with capacities of hundreds or tens of KW. In central Vietnam there are innumerable short, swift rivers flowing from the central highlands to the lowlands: the Trach Van (Quang Tri), Thuong Lekong (Quang Nam), and An Phu (northern Qui Nhon) rivers. Later there can be constructed medium-sized hydroelectric projects (40,000 to 5,000 KW) on branches of the Gian, Giang (Dak Nong), Thu Bon, and other rivers, then large hydroelectric projects on the basins of the Ca, Chu, and Ma rivers, which according to preliminary studies have a potential of about 3 million KW. Dray Linh (Kreng), Phan An, Mo Thait, Yali and Sesan (Dak Tam), etc., have been studied.

7. The south has become a very important region. It has a rather large industrial-agricultural sector which requires much electricity. Especially during the past 2 years Ho Chi Minh City has taken many steps to increase production.

The last 10 years, its output shows that in the south many difficulties have been encountered in the production of electricity, even though the Electric Power Corporation of South Vietnam (No 2) has made maximum use of hydroelectricity. One reason is that we have had to severely restrict the output of hydroelectricity because of excessively high production costs (due to the short life span of the production costs). One of the long-lasting consequences of the economic control in South Vietnam prior to 1975, as stated above, is that it inhibited the development of thermoelectric plants. All coal and imported oil during the last several years, the price of oil has been very high and we have lacked natural gas.



#### Electricity Production Cost



Legend:

(1) Fuel

(2) All output costs

(3) Thermoelectricity

(4) Hydroelectricity

(5) Diesel

(6) Gas turbine

(7) Unit cost/1,000 kWh

The South has large consumers of electricity and already has an extensive, solid, integrated high-voltage electricity grid. Thus it would be very advantageous to construct a large-capacity plant (i.e. with high economic effectiveness). But the South is very far from the coal mines in the north and a great number of difficulties are being encountered in our country's transportation. Furthermore, our coal mines are not inexhaustible and coal is more profitable when used in other sectors (such as exporting it to obtain foreign exchange). In our energy development policy, we must bring into play the slogan of self-reliance and relying principally on our country's natural resources. The use of water power is a positive factor which is advantageous for our line of energy independence and autonomy, for water power is an inexhaustible source of natural energy.

Furthermore, nature has blessed us with regard to water power. The energy potential of our country's rivers and streams is estimated at between 260 and 300 billion kW, which amounts to an average density of about 70 kW per square kilometer, (compared to the world hydroelectricity average of 26 kW per square kilometer). In this regard, our country is among the richest countries in the world and is equal to France. Of course, man can only make use of part of that water power. The energy that can be exploited by water conservancy construction technology amounts to about 80 billion kW, which is equivalent to an installed machine capacity of nearly 30 million kW. That source of water power has high economic value compared to the 40 million tons of coal needed every year to produce an equivalent amount of energy, i.e. 80 billion kW (it should also be compared to the goal production plan for 1983 set in the 1981-83 5-year plan: 8 to 9 billion tons).

Nature has blessed us in another way: our water power resources are distributed rather uniformly throughout the country. According to a document published in 1974, there are 36 hydroelectric sites worthy of exploiting where China could produce 20 billion kW annually, equivalent to 3 million kW installed capacity (1980). (See the map "Hydroelectricity potential of the South" (sheet 2) of the map series).

In view of the importance of energy, we must remember that our country is a vastified agricultural country. One of the urgent requirements of agriculture is to control floods and natural disasters which destroy crops. Over half the South has a very large force of workers and specialists to engage in, or assist in, irrigation floods. That is a merely passive measure. In order to reduce the damage at the source, it is necessary to build large water conservancy and control water over a year or five years' period. One of the general characteristics of a hydroelectric project is a flood-prevention

reservoir. Furthermore, hydroelectricity projects have many different objectives: supplying water for agriculture, facilitating waterborne transportation, and forming tourist centers. It may be said that hydroelectricity projects have nature of "killing many birds with one stone." It should be remembered that Nguyen Khac Vien's article "Water for Life," which was published in Issue No 306 of DOAN KET, included the following passage: "The supplying of water has become a national policy. We must be on guard against setting up a new economic zone, a state farm, an enterprise, or an industrial zone and then having to abandon it because of a lack of water." That article had a major repercussion and "sounded the alarm regarding water" among the leadership echelon.

Our country also has its own advantages for building water conservation projects:

--hydroelectricity in our country requires relatively little investment, for in such projects equipment (most of which we must import) accounts for only 20 to 25 percent of the total investment, while in thermoelectric projects it amounts for 70 to 80 percent.

--our cadres have accumulated much experience in surveying hydrological conditions and the geology, and in building and maintaining hydroelectric plants at Da Nang, Thanh Ba, and Hoa Binh, as stated in the previous article.

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Another benefit of electricity is that it can help to fight malaria, which is a very important matter in our country. If electricity is provided in the rural areas, and at night there are lights and electricity for (recreational) cultural events or relaxation (viewing television, etc.), it is certain that the mosquito will be limited. Exactly 9 months after malaria was first reported in the province, it was noted that the maternity hospital where 1000 children were born. Furthermore, in modern clinics patients are kept in the dark and the doctor does not rise during the night. The mosquito is not attracted to the light and the patient can sleep a night. Thus electricity is not only a source of energy, but ultimately benefits man.

## CHRONOLOGY

HANOI'S CHRONOLOGY OF EVENTS FROM 16 JAN-15 FEB 1983

Hanoi VIETNAM COURIER in English Volume XIX No 3, 1983 p 32

[Text]

(16 January — 15 February)

### JANUARY

17. The Vietnamese Foreign Ministry sends a note to its Chinese counterpart demanding that the two sides "refrain from all armed actions and other hostile activities and from opening fire along the common border from 5 to 15 February 1983, so that the people on either side of the border may celebrate the Lunar New Year Festival in peace."

19. The Central Committee of the Communist Party of Vietnam and the Government of the Socialist Republic of Vietnam issues a statement "warmly welcoming and completely supporting the new initiatives of the Political Declaration adopted by the meeting of the Political Consultative Committee of the Warsaw Treaty Organization member States on January 5, 1983.

— Signing in Vientiane of an agreement on aid and loans for 1983 between Vietnam and Laos.

— The Vietnamese Marx-Lenin Institute holds a seminar on the struggle between the two roads— socialist and capitalist—and the struggle against tendencies, ideologies and actions alien to socialism.

20. Vientiane: Closing of the 16th meeting of the Mekong Interim Committee attended by Laos, Vietnam and Thailand.

— The UN Food and Agriculture Organization decides to give emergency aid to Vietnam (and five other countries in Africa) which have been struck by natural calamities.

21. Signing in Hanoi of a protocol on goods exchange and payment for 1983 between Vietnam and Poland.



— The Institute of Mathematics and the Institute of Computer Science and Cybernetics organize a seminar in Hue from 18 to 21 January. 12 papers on theoretical and applied mathematics are read by international mathematicians.

22. The 2nd meeting of the Central Committee of the Vietnamese Buddhist Sangha is held in Ho Chi Minh City.

24. An agreement on cooperation for the 1983-1987 period between the Journalists' Associations of Vietnam and the German Democratic Republic is signed in Berlin.

— Signing in Vientiane of minutes according to which Vietnam will help Laos develop hydrological and hydro-electric projects.

25. The 8th Conference of the Vietnam Fatherland Front Central Committee opens in Ho Chi Minh City.

— *Ho Chi Minh City*: The Ministry of Education holds a conference on professional orientation and on rational employment of graduate pupils for the 22 southern provinces.

— A delegation of the Communist Party of Vietnam pays a visit to the People's Democratic Republic of Yemen from January 19 to 25.

16. *Hanoi*: Ending of the 17th session of the Sub-Commission for Scientific and Technological Cooperation between Vietnam and Czechoslovakia begun on 12 January.

## FEBRUARY

2. The Art and Culture Commission of the Party Central Committee holds a conference to discuss measures for the implementation of the Third Resolution on Art and Culture of the Party Central Committee.

— *Hanoi*: An exhibition on the struggle to defend political and economic security and against the embezzlement of State property is co-organized by the Ministry of Internal Affairs and the Ministry of Culture.

4. Signing in Hanoi of protocols on goods exchange and payment for 1983 between Vietnam and the German Democratic Republic.

5. On behalf of the Vietnamese Government the Huu Nghi (Friendship) border post returns to China 35 Chinese captured while illegally intruding into Vietnamese territory.

6. The statistics branch holds a meeting to review its work in 1982 and work out orientations for 1983.

7. The Vietnamese Commission for the International Year of Information and Communications is set up.

— Hanoi: Opening of an exhibition of sculptures and paintings by senior artists.

— Signing in Moscow of a protocol on radio and television cooperation for 1983-1985 between Vietnam and the Soviet Union.

8. The Health Minister of the French Republic pays a friendship visit to Vietnam.

10. Signing in Hanoi of a protocol on goods exchange and payment for 1983 between Vietnam and Bulgaria.

— The Political Bureau of the Communist Party of Vietnam passes a resolution on celebrating the 165th anniversary of Karl Marx's birth and the 100th anniversary of his death.

13. On the occasion of Tet (the Lunar New Year Festival) Vietnamese Party, State and Army leaders pay visits and share Tet with the people of various localities, offices and branches.

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**DATE FILMED**

**May 24, 1983**